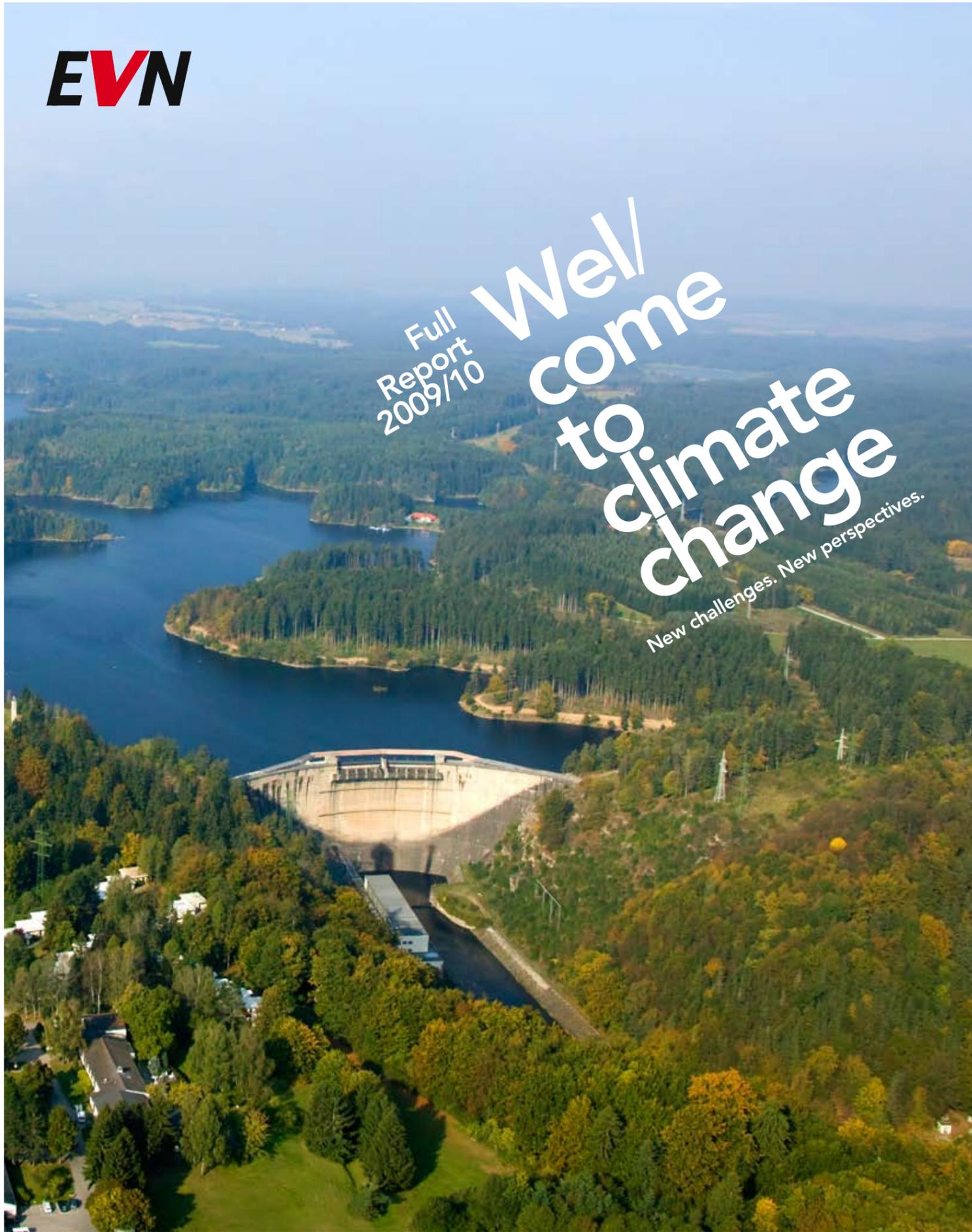




EVN

Welcome to climate change/Full Report 2009/10

EVN



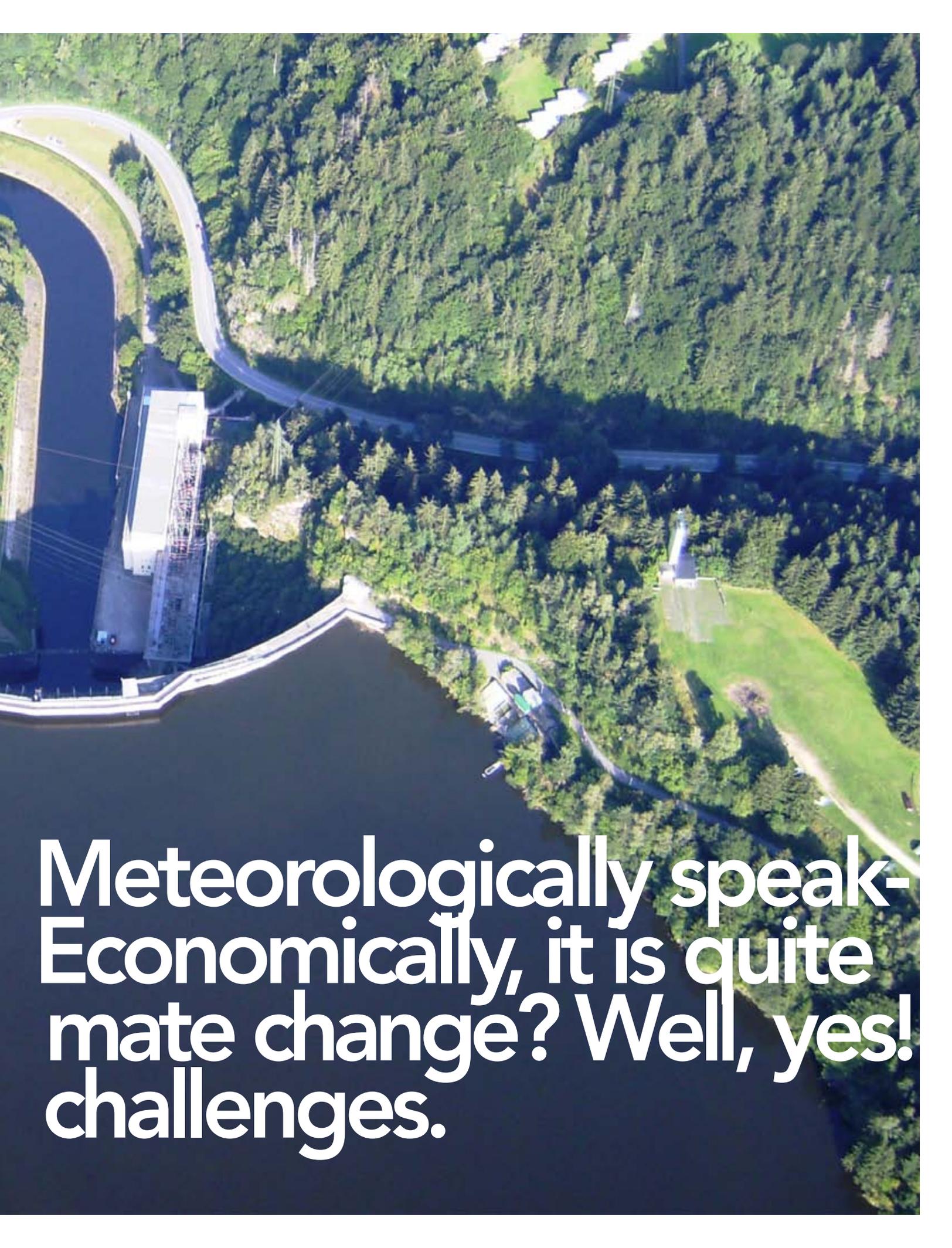
Full Report 2009/10

Welcome to climate change

New challenges. New perspectives.



The climate is changing.
ing, it is getting warmer.
stormy. Welcome to cli
EVN is accepting these



**Meteorologically speak-
Economically, it is quite
mate change? Well, yes!
challenges.**

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Editorial

Ladies and Gentlemen!

For years the sustainability aspects of our business operations has been dear to EVN's heart. The demands placed on sustainability reporting are continually growing, and call for new, innovative approaches. With this "Full Report" we are breaking



new ground. Under the motto "Welcome to change" we will not only describe various aspects of climate protection which are so important to us. Change begins in our own minds, and requires the ongoing extension of our own horizon. For this reason, we attach considerable importance to the extensive further education and professional development of all our employees.

Acting holistically also means not forgetting the weakest among us in our society and assuming corporate social responsibility towards all our stakeholders. A healthy, long-term corporate development is only possible if we achieve a balance between environmental, social and economic success.

We look forward to your suggestions, and wish you exciting reading!

CEO Dr. Burkhard Hofer
Spokesman of the Executive Board

In the publication "EVN Figures, Data, Facts 2009/10" you will find the Corporate Governance Report, the Financial Report and facts on sustainability in accordance with the guidelines of the Global Reporting Initiative (GRI). If a copy is not available to you, you can request one at www.investor.evn.at.

EVN in short

Rooted in Lower Austria, successful in Europe – an overview of the latest EVN projects at a glance.

Energy and environmental services from a single source

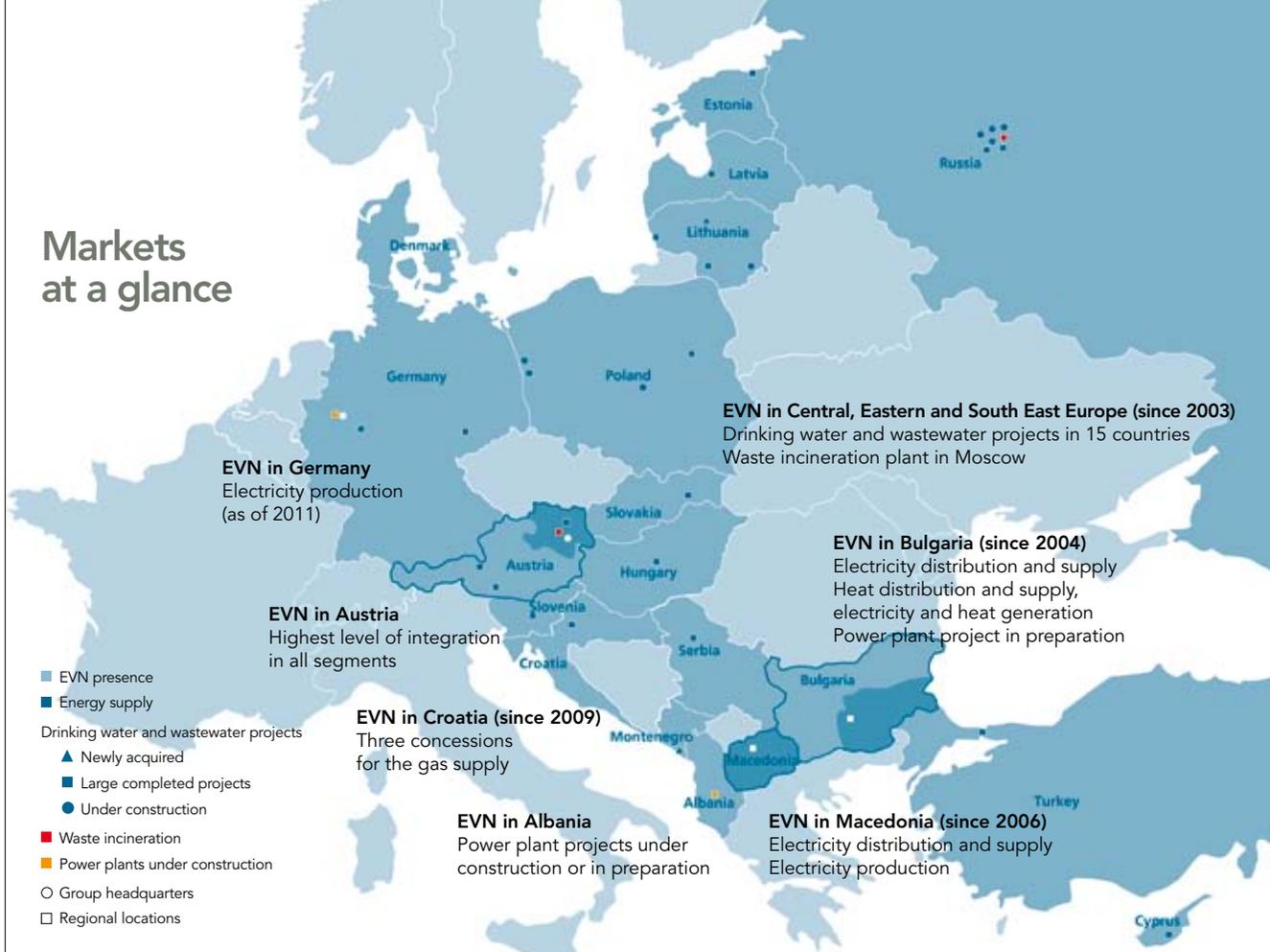
EVN business segments. As an international, publicly listed energy and environmental services company based in Lower Austria, the country's largest federal province, we fulfill the primary daily needs of our customers. On the basis of a state-of-the-art infrastructure, we offer our customers electricity, gas, heat, water, waste incineration and related services from a single supplier. With this reliable and top quality product and service offering, we safeguard and improve the quality of life of our more than 3.6m energy customers with respect to their energy supply. Moreover, EVN has gained extensive expertise in the planning and construction of water supply, wastewater treatment, desalination, waste incineration and waste incineration plants over the last 20 years on the basis of 82 environmental projects carried out in its markets.

All in all, EVN operates in 19 countries. The reliability and security of the energy supply, the prudent use of natural resources, the creation of a modern infrastructure and the highest quality demands are the focal points of all our activities. Taking account

Generation	Power generation from thermal production capacities and renewable energy (hydropower, solar power and photovoltaics)
Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunication networks
Energy Trade and Supply	Trade and sourcing of electricity and primary energy sources, sales to wholesalers and end customers, heat generation and sale
Energy Supply South East Europe	Operation of electricity networks, electricity sales to end customers, heat generation and sale, gas networks
Environmental Services	Drinking water, wastewater treatment and waste incineration
Strategic Investments and Other	RAG, BEGAS, BEWAG, VERBUND AG and central Group functions

of the stipulations contained in IFRS 8 "Business Segments", which must be applied as of the 2009/10 financial year, the identification of operating segments is exclusively based on the internal organizational and reporting structure. Thus from a regional point of view, the Energy segment encompasses EVN's business activities in Austria and Germany as well as in South East Europe with Bulgaria, Macedonia, Albania and Croatia, and from a functional perspective, the energy value chain of the energy business (generation, distribution and supply). The Environmental Services segment encompasses the business areas of drinking water, wastewater treatment and waste incineration in 15 countries.

Markets at a glance



Up, up and away

+6.9% EBIT to Euro 187.3m

+0.9%

Revenue to Euro 2,752.1m

Financial result to Euro 83.6m **+64.5%**

+16.3% **+11.6%**

Group profit for the period to Euro 207.0m

EBITDA to Euro 416.6m

Massive investments

Security of supply. EVN invested EUR 394.0m in the 2009/10 financial year, focusing on expanding and modernizing networks in Lower Austria, in particular the gas network featuring the southern section of the trans-regional gas pipeline. EVN is also continuing to massively invest in upgrading distribution networks and electricity metre technology in South East Europe.



Energy for Lower Austria

Climate protection, in concrete terms. In recent years EVN has invested more than EUR 200m to implement its Energy Concept for the Lower Austrian Central Region, thus making a significant contribution to climate protection. In 2009, a new steam turbine was put into operation at the Dürnrrohr power plant. The steam produced by the power station and waste incineration facility is not only used to generate electricity but also district heat for the provincial capital of St. Pölten. Moreover, efficiency was further optimized on the basis of a new control technology. A turbular conveyor belt with a length of 3.2 kilometres designed to transport coal from the Danube river bank to the Dürnrrohr power plant was put into operation in 2010. As a result, about half of the energy sources required by the power station as well as the residual products which arise will be delivered or transported away by waterway, thus considerably minimizing the volume of lorry traffic.



More energy from renewable sources

Focus on wind, water and the sun. EVN is focusing on renewable energy sources in its efforts to expand its own power generation capacities. The long-term goal is to achieve a power generation mix featuring 50% from renewable. Up to EUR 200m were invested in the construction of new wind power plants in Lower Austria alone. Capacities are also being continually expanded in South East Europe. EVN in cooperation with VERBUND AG is currently building the Ashta run-of-river power station on the Drin River in Northern Albania. In 2012 the Hydromatrix power station with a capacity surpassing 50 MW is expected to come on stream. The total investment volume amounts to about EUR 200m. Feasibility studies are currently being carried out for three storage power plants on the Devoll River in Albania. Moreover, storage power plants are also being constructed in several phases on the Arda River in Bulgaria, with a total capacity of up to 170 MW. Following the beginning of construction work on the Kavarna Wind Park, a photovoltaic facility came on stream in Blatets, Bulgaria in May 2010. With a capacity of about 0.8 MW, it is the most powerful of photovoltaic installation operated by EVN.

High service standards

Prize for dedicated employees.

EVN attaches particular importance to ensuring the satisfaction of more than 3.6m energy customers. In 2009, the EVN Service Star award was granted to employees for the first time in recognition of their extraordinarily dedicated work.



Water and waste – a job for professionals

Projects in Lower Austria – and internationally. Through its subsidiaries EVN carries out the planning, financing, construction and operation of drinking water and wastewater purification plants as well as waste incineration facilities throughout Europe. Thus it makes a major contribution to improving people's quality of life. For example, EVN has been operating a waste incineration plant in Moscow in 2007. In the 2009/10 financial year, EVN was awarded a contract to build another waste incineration plant in the Russian capital. EVN was contracted to implement a second environmental project on the island of Cyprus i.e. a wastewater plant for 10,000 customers. In the 2009/10 financial year, various wastewater treatment plants constructed by EVN commenced operations e.g. in Stettin, Poland, the Turkish metropolis of Istanbul and in Tulln, Lower Austria, amongst others. Further details can be found starting on page 72. At the beginning of 2010 the third line of the waste incineration plant in Dürnröhr was put into operation. The additional capacity of 200,000t annually will enable electricity for 170,000 households as well as district heat for the Municipality of Zwentendorf and two thirds of the required district heat for the provincial capital of St. Pölten to be generated from the delivered waste in an ecologically compatible manner.

Social commitment

Social Fund. The social commitment of EVN focuses on promoting children and youth. Numerous projects are supported by the EVN Social Fund, featuring an annual endowment of EUR 100,000. EVN also provides support to local institutions in Bulgaria and Macedonia.



EVN Academy

Further education. The success of EVN is based on the commitment and know-how of its 8,536 employees. The company invested EUR 2.7m in its further education and professional development efforts. The offering is being continually revised, and ranges from trainings on occupational safety, language and IT courses to management development programmes.

Accidents in the year under review

EVN deeply regrets the fact that it has to report a total of 17 deaths in the 2009/10 financial year (three employees, 14 deaths of customers, abutting owners or the general public). In Lower Austria, one employee from EVN's area headquarters in Scheibbs was killed in a major car accident. In Bulgaria, one employee died from his serious injuries incurred by carrying out repair work on a damaged power line. Another employee in Bulgaria had a deadly accident on his way home from work. Five people died as the result of a gas explosion in St. Pölten during the year under review. A combination of coincidental occurrences supposedly led to this accident. The underlying cause was apparently a short circuit in a 20 kV underground cable, which in turn damaged a household gas supply line. The clarification of the incident has not yet been completed by the responsible authorities. Within the context of its liability without fault in connection with the natural gas explosion, EVN has already covered most of the costs for the physical and property damage which arose. A further deadly electricity accident occurred in Austria. In both cases, the surviving dependents also receive compensation from the "Gas and Electricity Accident Insurance of EVN for its Optima Customers". Five people lost their lives in South East Europe trying to steal cables and three other people lost their lives through no fault of their own. EVN sincerely regrets all of these occurrences, and is carrying out all the measures at its disposal to prevent such accidents from happening again in the future.



Well-equipped for the future

The members of the EVN Executive Board, Burkhard Hofer, Peter Layr and Herbert Pöttschacher, talk about current challenges and ambitious future projects.

— For the first time, EVN is publishing a combined annual and sustainability report for the 2009/10 financial year. What is the reason for this?

HOFER: For us sustainability is an integral part of our day-to-day business operations. This was once again confirmed in the 2009/10 financial year with respect to the further development of our corporate strategy. As a utility company, we have to think on a long-term basis, and in our role as an environmental services company we are by definition closely aligned with various aspects of sustainability. Our aim is to even more strongly integrate these considerations in all our business activities. The reorientation of our reporting approach also reflects this attitude in the way we communicate to external stakeholders.

LAYR: Moreover, it must be mentioned that the external demands on our reporting are steadily increasing, whether this involves the annual financial statements or indicators of the Global Reporting Initiative. This information, which is sometimes very detailed, is not always of interest to all readers. For this reason, we considered a solution which, from our point of view, more effectively addresses the needs of the different target groups. This magazine reflects our desire to appeal to a broader target group, whereas the reporting section is designed to continue our tradition of comprehensive and transparent reporting. The approach we are taking does more than just mirror our philosophy to develop the most efficient solutions possible without offering the same thing to everyone. In fact, we aim to provide what each stakeholder needs in the best possible quality and in the most individualized and target group-oriented manner we can achieve.



A photograph of three men in business suits standing on a balcony in an office building. The man on the left is wearing a grey tweed jacket and glasses. The man in the middle is wearing a dark grey suit. The man on the right is wearing a dark blue suit. They are standing in front of a window with horizontal blinds. The background wall is made of wood panels. A metal railing is in the foreground.

Herbert Pöttschacher,
Burkhard Hofer, Peter Layr (from l. to r.)

**"In 2020 I see EVN growing further
but also being more profitable.
We will harvest the fruits of our current
investments in the years to come."**

Burkhard Hofer



— Different aspects of change are treated in the magazine.
How flexible and versatile is EVN? How has the company changed in the past years?

HOFER: Just a few years ago we were still a regional energy supplier for Lower Austria, offering electricity, gas and heat. In the meantime, EVN has emerged as a leading internationally operating company, both in the energy as well as in the environmental services sectors. Everyone involved has clearly perceived how EVN has been transformed.

LAYR: In this regard, it is important that we keep in mind that change always involves two aspects, the internal and the external side of things. Internally, this relates to our own further develop-

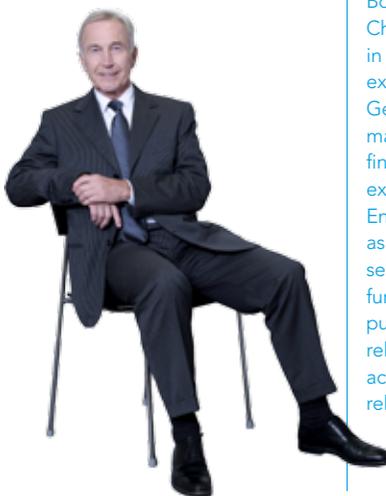
ment. But at the same time we have to confront the changes and the transformations taking place in the environment in which we operate. Here the underlying conditions have significantly changed, in particular the importance attached to renewable energies and also in the environmental services business. In turn, this has accelerated the process of change at EVN.

PÖTTSCACHER: In short, we have undergone a metamorphosis from a regional provider to an internationally operating company with business in 19 countries. This is a decisive change, but has not affected our intrinsic values. Fairness and responsibility are anchored in the corporate strategy of EVN. This is sustainability in the true sense of the word.



The members of EVN's Executive Board optimistically look ahead to the future.

CEO Burkhard Hofer



■ Born 1944, Doctor of Law. Joined EVN in 1980. Member and Spokesman of the EVN Executive Board since March 2005. Named Chairman of the Executive Board in May 2008. His term of office expires at the end of the Annual General Meeting resolving upon matters pertaining to the 2011/12 financial year. Burkhard Hofer has executive responsibility for the Environmental Services as well as the Energy Trade and Supply segments, along with the Group functions procurement and purchasing, controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communications and human resources.

Member of the Executive Board Peter Layr

■ Born 1953. Doctor of Technical Sciences. Joined EVN in 1978. Member of the EVN Executive Board since October 1999. His term of offices expires on September 30, 2014. Peter Layr has executive responsibility for the Network Infrastructure Austria and South East Europe segments, as well as for data processing, environmental controlling and safety.



Member of the Executive Board Herbert Pötttschacher

■ Born 1949. Degree in Surveying, Regional and Environmental Planning. Member of the EVN Supervisory Board from 1991 to 1995, and of the EVN Executive Board since July 1995. His term of office expires on June 30, 2013. Herbert Pötttschacher has executive responsibility for the Generation segment, as well as for internal auditing, administration and construction.



— What have been the consequences of EVN's internationalisation?

HOFER: This internationalisation process has been clearly reflected in our work force. The number of employees has more than tripled since the 2003/04 financial year. Of the 9,000 people employed by EVN, more than two-thirds work outside of Austria. A new situation has arisen, featuring intercultural diversity, which has also posed a series of new challenges. For this reason, an important goal of our human resources management is to take advantage of the opportunities related to this diversity, as well as to promote knowledge exchange and overcome language barriers and cultural differences.

“We are currently working on very significant projects in Lower Austria focusing on medium-sized and small hydropower plants, but new wind parks are also being planned.”

Peter Layr

We are on the right path, but will have to continue working on creating a shared corporate culture.

LAYR: A further aspect in this connection is the trend towards the higher qualifications of employees, both with respect to a broader expertise as well as a more in-depth specialised know-how. We support the advancement of our employees whenever we can with our comprehensive further education and professional development offering.

PÖTTSCHACHER: Despite our business operations abroad, we remain strongly rooted in our domestic market of Lower Austria. This is demonstrated by the orientation of our corporate strategy.

—— Looking back at the 2009/10 financial year, how would you summarise developments?

HOFER: Despite several negative effects, in particular in the power generation segment, we could still achieve really good results. The Group net profit for the period of EUR 207.0m is 16.3% above the prior-year level. The main external factor impacting a utility company happens to be the weather. We had a very cold winter, which affected energy consumption. The situation was quite favourable for us in terms of energy procurement. The growth projects in the heating segment, in particular the district heating pipeline to St. Pölten, had a positive impact. At the same time, we were very economical in our expenditures, and successfully implemented two programmes to raise efficiency in the company.

PÖTTSCHACHER: In evaluating business development, one should not forget to mention that the previous year's results were shaped by the economic crisis. The crisis did not affect EVN's energy sales as much as our energy sourcing business and our financial results.

LAYR: On balance, our success is based on a combination of consolidation and selective growth. On the one hand, we have succeeded in keeping our operating costs under control. On the other hand, we have made the right investments.

—— What were these “right” investments in the 2009/10 financial year?

PÖTTSCHACHER: Five projects which we were able to conclude during the year under review were the right ones, because they are of fundamental importance to Lower Austria's energy supply. For one thing, I am talking about the completion of the district heating pipeline to St. Pölten as well as the third waste incineration line and the new steam turbine, the “Energy Utilisation Centre 2” in Dürnrohr. Furthermore, we also finished work on the tubular conveyor belt which will transport about half of

the required fuels from the Danube to the power plant site, and thus considerably reduce lorry traffic. Finally, we successfully concluded test series on the biomass pyrolysis pilot plant.

Now we are carrying out tests to energetically utilise the sludge, in order to expand our portfolio of waste disposal services.

LAYR: We are currently working on very significant projects in Lower Austria focusing on medium-sized and small hydropower plants. The work on the Schütt facility and the expansion in Ybbs are progressing speedily, and should be completed next year. New wind parks are being planned in Lower Austria. The necessary licenses have already been granted, and construction will begin in 2010. The new wind power plants will come on stream in 2011.

HOFER: EVN's large gas pipeline projects i.e. the “southern” and “western” sections of the trans-regional gas transmission pipeline designed to ensure the secure supply of gas to our customers as well as to our power plant sites are of enormous importance. The first stages of the southern section, the longest gas pipeline project in our corporate history featuring a length of 120 kilometres, have already been finished. But we are also massively investing in our drinking water services, for example building a connecting line between the Waldviertel and Weinviertel regions of Austria to improve the supply of high quality drinking water.

—— Which investment projects is EVN currently implementing abroad?

PÖTTSCHACHER: At present, we are working on several projects which are in different phases of completion. The Ashta power plant in Albania, a joint project with VERBUND AG is currently under construction and is scheduled to commence operations in 2012. We are pursuing a second hydropower project in Albania which has reached the final planning phase. The feasibility studies are expected to be completed by the end of this year. The third hydropower project, Gorna Arda in Bulgaria, was already planned several years ago and is currently being adapted by us to reflect present-day conditions. The advantage of this project is that it is in Bulgaria and thus in the region which we supply with electricity.

—— How is EVN financing these projects?

HOFER: EVN has a very clearly defined financing strategy based on the use of our free cash flow as well as highly diversified financing on capital markets. In addition, we are not financing the above-mentioned projects ourselves, but together with our

“Even if we do live to experience the conversion from fossil fuels to renewable energies over the next decades, we will not be able to completely do without primary energy sources such as hard coal.”

Herbert Pötschacher



Burkhard Hofer, Spokesman of the Executive Board and CEO of EVN

respective partners or consortiums. In this regard, we make sure that the financial stability of EVN and our positive ratings are not threatened. The latest capital increase which we successfully implemented in November 2010 demonstrated that EVN has a good reputation on capital markets.

— What are the key cornerstones of the Strategy 2020 which you developed during the year under review?

HOFER: The most important point is the fundamental reorientation of our power generation capabilities. Following completion of the hard coal-fired power plant in Duisburg-Walsum, Germany, planned for mid-2011 in which we have a 49% stake, we want to exclusively focus on efforts on renewable energy projects. The current projects in Lower Austria and abroad have already been mentioned. All in all, we want to ensure a 50:50 ratio between electricity generated from renewable energy sources and thermal power generation by the year 2020. At the same time, we are working on achieving our goal of increasing the coverage ratio from EVN's own production facilities from 40% at the present time to 60% of our sales volumes.

— How does the hard coal-fired power plant in Duisburg-Walsum fit in with EVN's sustainability strategy?

PÖTTSCHACHER: At first glance, the project would seem to be

inconsistent with our sustainability targets. However, even if do live to experience the conversion from fossil fuels to renewable energies over the next few decades, we will not be able to completely do without primary energy sources such as hard coal. We cannot simply flick a switch and expect the change from fossil to renewable energy to take place from one day to the next without endangering the security and reliability of our energy supply. Ensuring sufficient energy supplies in the future must also be part of our sustainability strategy. The hard coal-fired Duisburg-Walsum power plant ranks among the most technologically advanced of its kind in all of Europe and features an efficiency level of 46%, considerably higher than the average. At the same time, this project enables us to further diversify our power generation capacities.

— EVN is helping its customers to save energy. Isn't this at variance with the business model of an energy provider?

HOFER: On the one hand, we are striving to retain the loyalty of our customers by providing sound consulting services on all energy-related issues. On the other hand, we are aware of our long-term responsibility as an energy provider. This responsibility not only demands that we do our best to ensure a secure supply of energy, but also that we strive to ensure the efficient use of energy, both at our own facilities as well as by >

The cornerstones of EVN's Strategy 2020

■ Expansion of power generation capacities with a strong focus on renewable energy sources

– The share of renewable energy sources should be increased to 50% by 2020, and the Group-wide own level of efficiency from 40% to 60%.

– The focus in Lower Austria will be on expanding hydropower and building new wind parks.
– Several hydropower plant projects outside of Austria are in the planning stage. The Ashta power station in Albania, which is being implemented in cooperation with VERBUND AG, is scheduled

to come on stream in 2012. Three storage power stations are planned on the Devoll River in Albania. In Bulgaria storage power stations with a total output of up to 170 MW are to be constructed on the Arda River in several expansion phases. Feasibility studies for these projects are currently being carried out.

our customers. Irrespective of this fact, the prudent and thrifty use of natural resources is the order of the day in the light of the limited resources at mankind's disposal.

LAYR: The efficient energy use on the part of our customers also contributes to flatten peak demand and thus improve capacity utilization at our own power generation facilities. This will also lead to positive economic effects for EVN in the form of lower costs per generated or transported kilowatt hour.

— Which new business areas will emerge for EVN as a result of this development?

HOFER: There are manifold possibilities. We have been offering several products and services for quite a long time, whereas others are in the development phase. Examples include the renovation service, the solar power plant, but also others such as the lighting service or thermographies and "blower door tests", which measure the wind tightness of a house. We are

also planning to develop concepts for the energy-efficient operation of commercial facilities. In all these cases, the important thing is to be able to offer our customers the best and most efficient energy solution possible.

— Is EVN also pursuing research projects which go above and beyond what you have mentioned?

PÖTTSCHACHER: Of course, we are particularly active in pursuing the development of smart grids, to give one example. The issue involves finding ways to intelligently combine individual aspects of the energy supply with each other, in order to reduce the level of overall investments which are required, and to feed decentrally produced renewable energy into the power grid. This is an exciting topic which we are intensively focusing on.

— How important is e-mobility for EVN?

HOFER: We are doing extensive work in this field in cooperation

Herbert Pötschacher, Member of the EVN Executive Board



■ **Additional focus placed on the Environmental Services business**

– Demand in the Environmental Services segment remains at a high level. At present, the total contract volume amounts to about EUR 1.2 billion. As a result of the high level of orders, the share of EVN's total

results contributed by the Environmental Services segment should rise to one third on a medium-term basis.

■ **Maintaining market leadership in its core market of Lower Austria**

■ **Safeguarding EVN's financial stability**

with our partners. Our approach is to exploit existing possibilities. For this reason, we are focusing on single-track two-wheeled vehicles for the time being. The popularity of electric bicycles and scooters continues unabatedly, and our concept of a Danube bike path in the Wachau region was very well received. In the initial phase, we want to offer electromobility where it is feasible and makes sense.

LAYR: We are also planning to expand our services enabling tanking with renewable energy. Our main challenge is to make a functioning infrastructure available allowing for quick recharging. For this reason, we are investing considerable amounts in the Lower Austrian network in order to be fit – for smart grids but for e-mobility as well.

— **How would you assess the future and the growth potential of the Environmental Services segment?**

HOFER: Strategically speaking, the Environmental Services seg-

Peter Layr, Member of the EVN Executive Board



ment is highly important to EVN and continues to be a growth sector. The need and demand for technologically advanced facilities to supply drinking water or purify waste water remains strong and unbroken, particularly in Eastern and South East Europe. In the reporting year, we acquired several new projects, and we now boast an order volume of about EUR 1.2 billion as of September 2010. On a medium-term basis, the Environmental Services segment should contribute one third of EVN's total results.

PÖTTSCACHER: From my point of view it is important to note that we offer special financing and operating models for these projects which are designed to minimize our overall risk and at the same time ensure a long-term earnings contribution. The longstanding experience and excellent reputation of EVN are really paying off in the true sense of the word.

— **What is the current status of EVN's efforts to integrate its subsidiaries in Bulgaria and Macedonia?**

LAYR: The integration process is proceeding on schedule. We have completed the restructuring in Bulgaria, and we are now in the optimization phase. The restructuring in Macedonia has not yet been concluded but should be finished next year. I am very gratified to report that the tensions characterizing our relationship with the Macedonia Government are easing. We have jointly defined a roadmap in order to finally overcome the outstanding issues. Accordingly, we optimistically look ahead to the future.

— **How does the expansion of the gas network in three Croatian municipalities fit into EVN's overall strategy?**

LAYR: We are constructing a new gas network for Zadar, Sibeni-Knin and Split. Up until now, people are primarily heating with electricity, and in this sense gas is not available. For EVN, gas comprises a precisely calculable network operating business with regulated tariffs that we have a very good command of. Further potential exists in several urban areas in Dalmatia, where gas could be supplied under very profitable conditions.

PÖTTSCACHER: It is also part and parcel of our strategy to expand the service portfolio offered in Lower Austria to foreign markets, in particular in the energy business. One example is the supply of heat, which we are now promoting in Bulgaria on the basis of our constructing a cogeneration facility in Plovdiv. This fits in with our other activities quite well, and enables synergies to be exploited with respect to the supply of electricity and heat.

— **A final question. How do you envision EVN to be like in the year 2020?**

HOFER: I see EVN growing further, but also being more profitable. We will harvest the fruits of our current investments in the years to come. This also applies to our investments in South East Europe. In particular, we expect good earning possibilities in the Environmental Services segment.

On balance, I see EVN with an unchanged portfolio, but in a different dimension. _____

EVN on the capital market

The shares of EVN AG have been listed on the Vienna Stock Exchange since November 1989. The EVN share has performed well despite all the turbulences affecting international capital markets since then. Investors who subscribed to EVN shares 20 years ago can be pleased with a return on their Investment of 355%. The Total Shareholder Return has totalled 8.86% annually, including the annual dividends.

Continuing dividends

In using the financial resources at its disposal, EVN strives to achieve a balance between growth investments and attractive dividends. In recent years, the dividend payout ratio has been between 25% and 35% of the Group net profit. The Executive Board will propose to the Annual General Meeting on January 20, 2011 to pay a dividend of EUR 0.40 per share. The shares issued within the context of the 2010 capital increase are also entitled to dividends.



The EVN share

		2009/10	2008/09
Share price on 30.9.	EUR	11.45	13.68
Highest price	EUR	13.75	16.00
Lowest price	EUR	10.61	10.11
Value of shares traded ¹⁾	mEUR	197	209
Average daily turnover ¹⁾	Shares	63,724	69,031
Market capitalisation on 30.9.	mEUR	1,872	2,237
Earnings/share ³⁾	EUR	1.27	1.09
Dividend/share ³⁾	EUR	0.40 ²⁾	0.37
Cash flow/share ³⁾⁴⁾	EUR	2.87	2.73
Book value per share ³⁾	EUR	18.56	19.18
Price/earnings	X	9.0	12.5
Price/cash flow ⁴⁾	X	4.0	5.0
Price/book value	X	0.7	0.8
Dividend yield	%	3.5	2.7

1) Vienna Stock Exchange, counted once 2) Proposal to the Annual General Meeting
3) Outstanding shares as at September 30, 2010 4) Gross cash flow

EVN – A sustainable investment

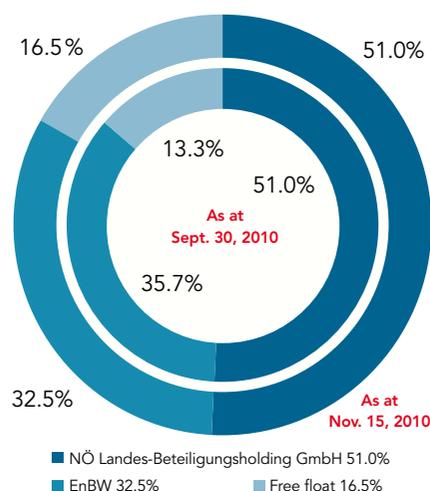
EVN has been represented in the FTSE4Good Index since 2002 and in the Ethibel Sustainability Index Group (ESI) since 2005, as well as in VÖNIX, an Austrian sustainability index.

Capital increase in October 2010

EVN implemented a capital increase in October and November 2010. Originally, a partial pullout of Energie Baden-Württemberg AG (EnBW) was planned.

After EnBW decided against this, EVN succeeded in placing a capital increase amounting to 10% of its share capital at a price of EUR 11.00 per share within just a few days. Due to constitutional regulations, the Province of Lower Austria continues to be the majority owner of EVN, holding 51% of the shares via NÖ Landes-Beteiligungsholding GmbH. The stake held by EnBW has been diluted to 32.5%. The remaining shares are in free float. The EVN will use the net proceeds of approximately EUR 173m to strengthen its balance sheet structure, invest in renewable energy projects in Lower Austria and expand hydropower energy capacities in Austria and neighboring countries.

Shareholder structure



Share price development of the EVN share



Share price development of the EVN share: A relative comparison

In the 2009/10 financial year, most international capital markets recovered from the massive collapse in stock prices of the previous year related to the global economic and financial crisis. The DAX, the most important German index, posted a 12% rise in value, compared to a decline of close to 2.2% for the Euro Stoxx 50. The benchmark index of the Vienna Stock Exchange, the ATX index, closed at 2,542 points at the end of September 2010, or 1.4% below the prior-year level. The EVN share closed trading at EUR 11.45 at the end of the year under review, a decrease of 16.3% year-on-year, and thus developed identically to the DJ Euro Stoxx Utilities sector index, which is relevant to EVN. As at September 30, 2010, the market capitalisation of EVN amounted to EUR 1.872 bn. Average daily turnover of EVN shares weakened somewhat from the previous year, and totalled 63,724 shares (counted once). Accordingly, the value of EVN shares traded on the Vienna Stock Exchange was EUR 197m (counted once). Thus the EVN share accounted for 0.52% of the total value of shares traded on the Vienna Stock Exchange. The weighting of the EVN share in the ATX index was 1.05% at the end of September 2010.

Financial calendar

82 nd Annual General Meeting	January 20, 2011
Ex-dividend day	January 25, 2011
Dividend payment	January 28, 2011
Results Q. 1 2010/11	February 24, 2011
Results Hy. 1 2010/11	May 26, 2011
Results Q. 1–3 2010/11	August 25, 2011
Annual results 2010/11	December 15, 2011

EVN bonds

EVN issued several bonds in previous years as part of its broad-based financing strategy. On balance, the market value of these outstanding bonds at the balance sheet date of September 30, 2010 was EUR 902.5m, and the average effective nominal interest rate was 4.3%. Detailed information on EVN's bond programme is available on the EVN Website at www.evn.at/Investoren/Anleihen.aspx.

Active investor relations

EVN maintains an active and regular dialogue with existing and potential investors as well as analysts through numerous investor relations activities. The basic principles underlying EVN's investor relations work are simultaneous, open and comprehensive communications with all capital market participants, a high degree of transparency and pro-active reporting. Numerous opportunities were exploited in the 2009/10 financial year to provide information about the business development and strategy of EVN within the context of press conferences, conference calls, roadshows and international conferences focusing on the utility sector. The investor relations team of EVN is available at any time to respond to your inquiries.

Contact: Investor Relations,
Klára Székffy
Phone: +43 2236 200-12745
Fax: +43 2236 200-82745
investor.relations@evn.at
Service phone for investors:
0800 800 200 (in Austria)

External credit ratings

EVN AG is regularly rated by the two leading international credit agencies, Moody's and Standard & Poors. In the year under review, the Standard & Poor's rating remained unchanged at "negative". Moody's gave EVN an A3, "stable" rating in September 2010. EVN continues to have a very good credit rating in comparison to other companies in the European energy sector.

Images of success

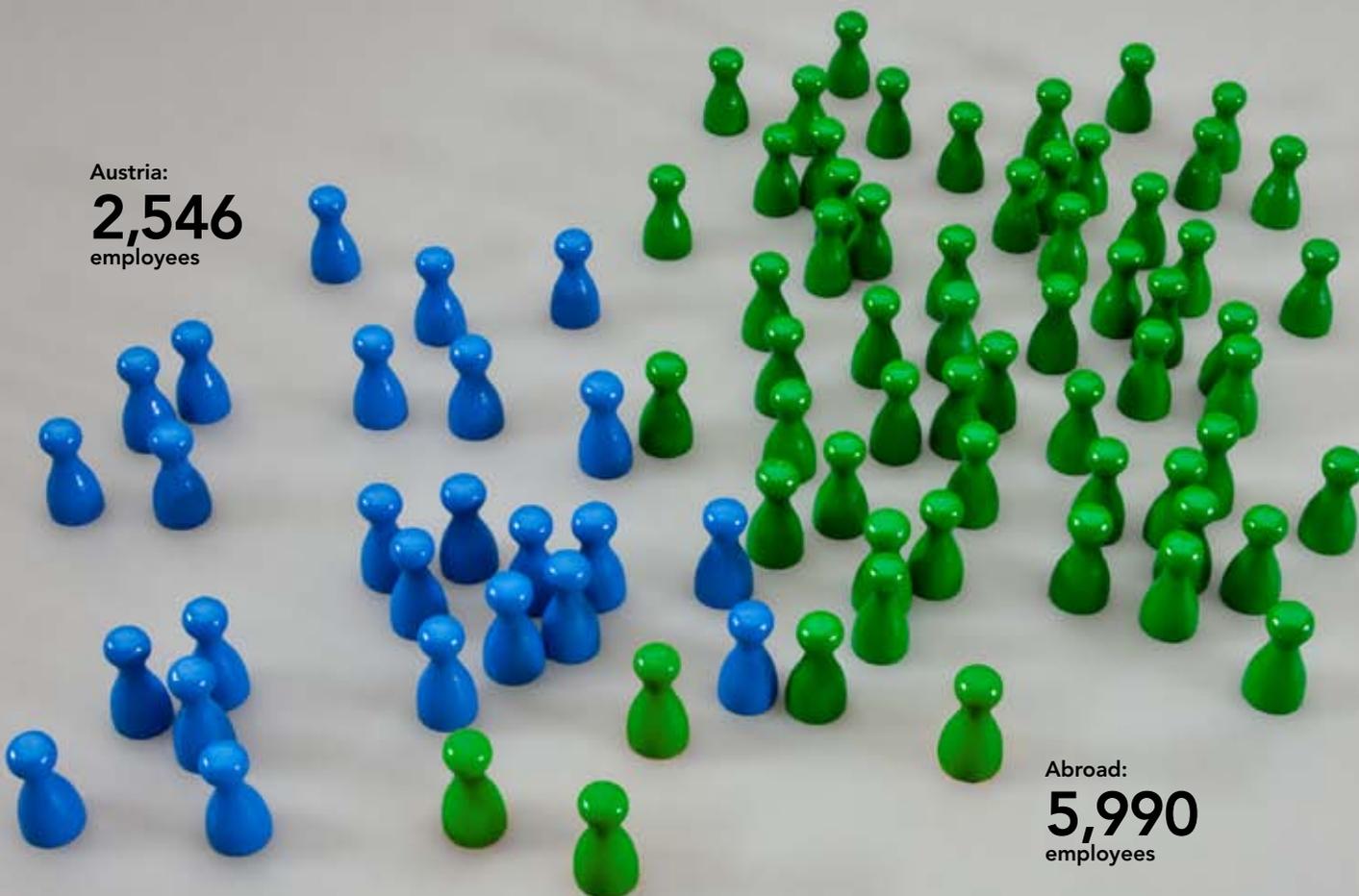
EVN remains successful, also in times of change. But take a good look for yourself!

A strong team in 19 countries!

On average, EVN employed a workforce of 8,536 people in the 2009/10 financial year, primarily in Austria, Bulgaria and Macedonia. The focal point of all efforts promoting intercultural exchange is to create a common corporate culture and values without neglecting regional differences. Transnational project teams have already been overcoming key challenges for years, enabling the valuable internal transfer of know-how. The professional training and further education of employees is offered in the EVN academies on a regional basis, involving total investments of about EUR 2.7m in 2009/10. In addition to cooperating with universities of applied sciences and universities to ensure a sufficient future supply of skilled employees and executives, apprenticeship training also has a long tradition at EVN. On average, 64 apprentices were working for EVN in Lower Austria in the 2009/10 financial year.

Austria:

2,546
employees



Abroad:

5,990
employees



Balanced energy mix at EVN – Expansion of renewable energy sources

EVN has defined an ambitious goal of increasing the share of its total power general capacity attributed to renewable energy sources to 50% by the year 2020. In the 2009/10 financial year, EVN's total electricity production amounted to 3.7 TWh, of which approximately 36% comprised renewable energy. The focus was on hydropower and wind power, but increasing importance is also being attached to biomass and photovoltaics. In particular, the implementation of new wind power facilities is planned on EVN's domestic market of Lower Austria. The Weinviertel region and the Lower Austrian Central Region are especially suited for such projects due to their topographical conditions.

Several hydropower projects are being pursued outside of Austria. The Ashta project is being realised on the Drin River in Albania in cooperation with VERBUND AG, and will be completed by 2012. Additional projects in Albania and Bulgaria are currently being evaluated.



Strategic
Investments and
Other Business:
EUR
91.4m

Generation:
EUR
118.6m

Energy Supply
South East Europe:
EUR
862.2m

Environmental
Services:
EUR
285.4m

Network
Infrastructure
Austria:
EUR
488.9m

Energy Trade
and Supply:
EUR
1,187.2m

Stable revenue

Despite lower contributions from the Energy Trade and Supply and Energy Supply South East Europe segments, EVN generated total revenue of EUR 2,752.1m (after consolidation), thus slightly surpassing the previous year's figure. The development of the Environmental Services segment was particularly gratifying. Thanks to the completion of the third waste incineration line in Dürnrrohr and the higher volume in the project business, segment revenue rose 15.4% to EUR 285.4m. Revenue of EVN's largest segment, Energy Trade and Supply, was at about the same level as in the prior year, at EUR 1,187.2m. In contrast, the Network Infrastructure Austria segment profited from volume increases in the electricity and gas networks as well as higher gas network tariffs. Accordingly, a revenue increase of 4.5% to EUR 488.9m could be achieved. The Strategic Investments and Other Business segment also raised revenue by 5.0% to EUR 91.4m.

Significant earnings improvement

The business development in the 2009/10 financial year was characterised by higher sales volumes in the light of a reduction in "Electricity purchases and primary energy expenses". It was also impacted by an increase in the item "Cost of materials and services" as well as higher depreciation and amortisation. On balance, EBIT of the EVN Group improved by 6.9%, to EUR 187.3m. Supported by the higher income from investments in associates included at equity, and the improved interest result, the financial results of EVN rose 64.5%, to EUR 83.6m. The net profit after tax amounted to EUR 228.7m, or 15.5% above the prior-year level. The Group net profit of EUR 207.0m after minority interest represents a 16.3% rise from the previous year. Based on this success, the Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 0.40 per share for the 2009/10 financial year, compared to EUR 0.37 per share in 2008/09.



The change is enormous!

According to a hypothesis developed by Prof. Nebojsa Nakicenovic, one of the world's leading energy economists, our society is about to experience one of the dramatic turning points in its history. Here is the interview about upcoming challenges, opportunities and threats.

Prof. Nebojsa Nakicenovic in front of the park in Laxenburg, Lower Austria. The renowned International Institute for Applied Systems Analysis (IIASA), of which he is the Deputy Director, is located in Laxenburg Castle.

Our world is at the beginning of a far-reaching transformation, according to a thesis promulgated by the world-famous energy economist Nebojsa Nakicenovic. In an interview, he explains why the fossil fuel age must come to an end, and which challenges energy providers will face.

___ **In your work you have often emphasized the fact that we are living in a period of change. What will we really be confronted with in the years to come?**

My hypothesis is that we are about to experience a dramatic turning point in our history. Our world is at the beginning of a phenomenal transformation, which can only be compared with the change from a hunting and gathering people to a landed society. Or maybe even with the Industrial Revolution.

___ **Will the energy issue play a decisive role in this scenario?**

Yes, because global energy consumption has been growing exponentially for years. It is a law of nature that such a develop-

ment cannot continue indefinitely. Exponential periods inevitably lead to saturation. Afterwards something completely new arises. For this reason, we are not only being forced to think and act on a long-term basis but also globally for the very first time.

___ **What exactly does this mean?**

The fossil fuel age must come to an end. We cannot afford to continue working with the technologies and methods we currently have at our disposal.

___ **You are talking about global challenges...**

Yes I am. We have to divide mankind into two groups. One half of the population, or about 2.8 billion people, have not even experienced the Industrial Revolution. They cook with agricultural waste materials, wood or charcoal on an open fire, which is very inefficient and unhealthy. There is no sewage system or clean water. Two billion people do not have any access at all to modern technologies, or to electricity. >



___ Which challenges do you think will arise because of this?

It is our responsibility over the next 50 years to enable these close to three billion people to take part in the process of developing into a modern society. The other half of mankind, to which Austria belongs, has to make the changeover to a sustainable development path. And we have to begin immediately. For example, we are already too late dealing with climate change.

___ What is the reason for this?

Climate change is already taking place. Global temperatures have already risen by 0.6 to 0.7 degrees Celsius. There is little doubt that this development is largely related to our waste gas emissions. In principle the solution is quite simple: in order to stabilize global warming to a rise of only 2 degrees Celsius, we require emission benchmarks which must be adhered to, i.e. reach their maximum level worldwide immediately, in any case within this decade. We will have to reduce waste gas emissions to half the current amount in 20 years and by 80% by 2050. And we know that Austria should be at the cutting edge of this process.

___ However, international comparisons indicate that we actually rank among the latecomers...

This is true, namely for political reasons. Great Britain, Sweden and California are much farther ahead of us, and have even established a legal basis for their climate protection targets. This is something we have not yet accomplished.

___ So what must be done?

The most important catchword here is "efficiency". About 50% of the decline in waste gas emissions can be achieved by raising efficiency, in particular on the part of the end users. This is a very important point for companies such as EVN, because utility companies will have to develop new business models.

___ Can you be more specific?

Energy consumption in housing could be cut by 90%. If energy providers could develop a corresponding business model on this basis, the problem would be solved immediately.

___ Do you have any other suggestions?

One is carbon separation, capture and storage. It is not realistic to imagine that we will be able to reduce our consumption of fossil fuels to zero by 2050 and simultaneously boost the share of renewable energy to 100%. But, we still do not know if carbon separation, capture and storage will really be able to function on such a large scale.

___ Referring to the popular catchword "renewable energies", what is your assessment of the situation?

Around the world we lack 1,000 to 10,000 times the capacity for generating power from renewable energy sources which we currently have. That is the bad news. The good news is that the costs for renewable energies are declining. At some point in time the business with renewable energies should become lucrative. In this scenario, the costs for photovoltaics will have to decrease by a factor of ten, and wind energy by 50%.

___ Doesn't this mean that energy will become more expensive?

"About 50% of harmful CO₂ emissions can be avoided by increasing efficiency."

About Nebojsa Nakicenovic:



■ **TU & IIASA.** Nebojsa Nakicenovic is a full Professor of Energy Economics at the Vienna University of Technology (TU), current Deputy Director of the International Institute for Applied Systems Analysis (IIASA) and Director of the Global Energy Assessment (GEA).

■ **Work.** He is a co-publisher of the "International Journal on Technological Forecasting and Social Change", the "International Journal on Climate Policy" and the "International Journal of Energy Sector Management".



Yes this is the conclusion to be drawn. Therefore we require significant technological improvements to keep costs at a tolerable level.

___ **What hopes do you have for renewable energies?**

We can clearly expand the use of wind energy. I hope we will be able to achieve a major breakthrough in the field of photovoltaics, which is still very expensive at the present time. Atomic energy is not being considered in Austria because opposition is too intense. It is important that we have feasible feed-in tariffs, and clearly defined, long-term perspectives for investments. We need a credible energy policy. We registered a 40% drop in global investments in renewable energies. This should not be allowed to happen!

___ **This accusation is directly aimed at utility companies...**

Yes. But what can a company do which is dependent on stakeholder value? It has to act in a certain way. Otherwise the management will be replaced. And this is one of the fundamental problems facing us in this time of change. The future is uncertain, even more than just a few years ago. Our economic environment is definitely not conducive at present to promoting long-term investments.

___ **Is the logical consequence a change in our economic system?**

We have gone much too far with this cowboy capitalism. We have to learn to think in a long-term manner. Unfortunately we did not take advantage of the crisis to question the direction our system is moving in. We simply pumped money into the old system, and even strengthened it.

___ **As an energy expert, what advice do you have for a company like EVN?**

EVN should do more with respect to consulting and increasing efficiency of energy use on the part of its end customers. But how can companies post profits on the basis of this strategy? Clearly EVN will be selling less energy, for example if everyone lives in well insulated houses and apartments. The aim should be to sell less energy, but more know-how and services. But political decision-makers do not make it easy for managers at present. It is difficult to develop a corporate strategy over a period of 20 years if the overall framework has not been clearly defined. Nevertheless, it is a fact that too little is currently being invested in the energy sector. _____

EVN invited Mr. Nakicenovic to this interview to provide a well-founded external assessment of key issues in the news. His opinions do not necessarily coincide with those of EVN. In return for this interview, Prof. Nakicenovic requested an energy counseling session, which EVN was happy to do.



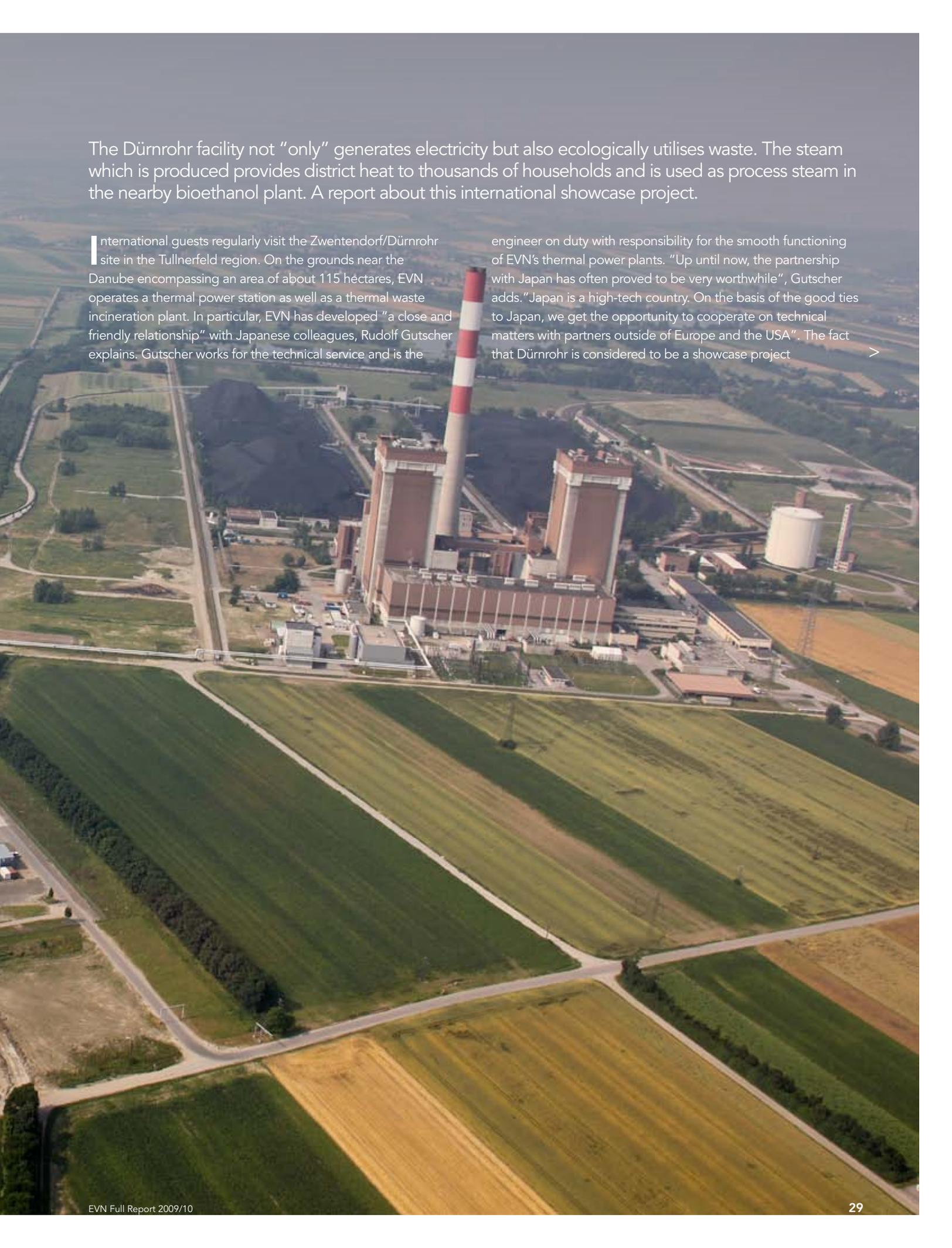
International showcase project in Dürnrrohr

EVN operates a thermal power station and waste incineration facility at its Dürnrrohr site.

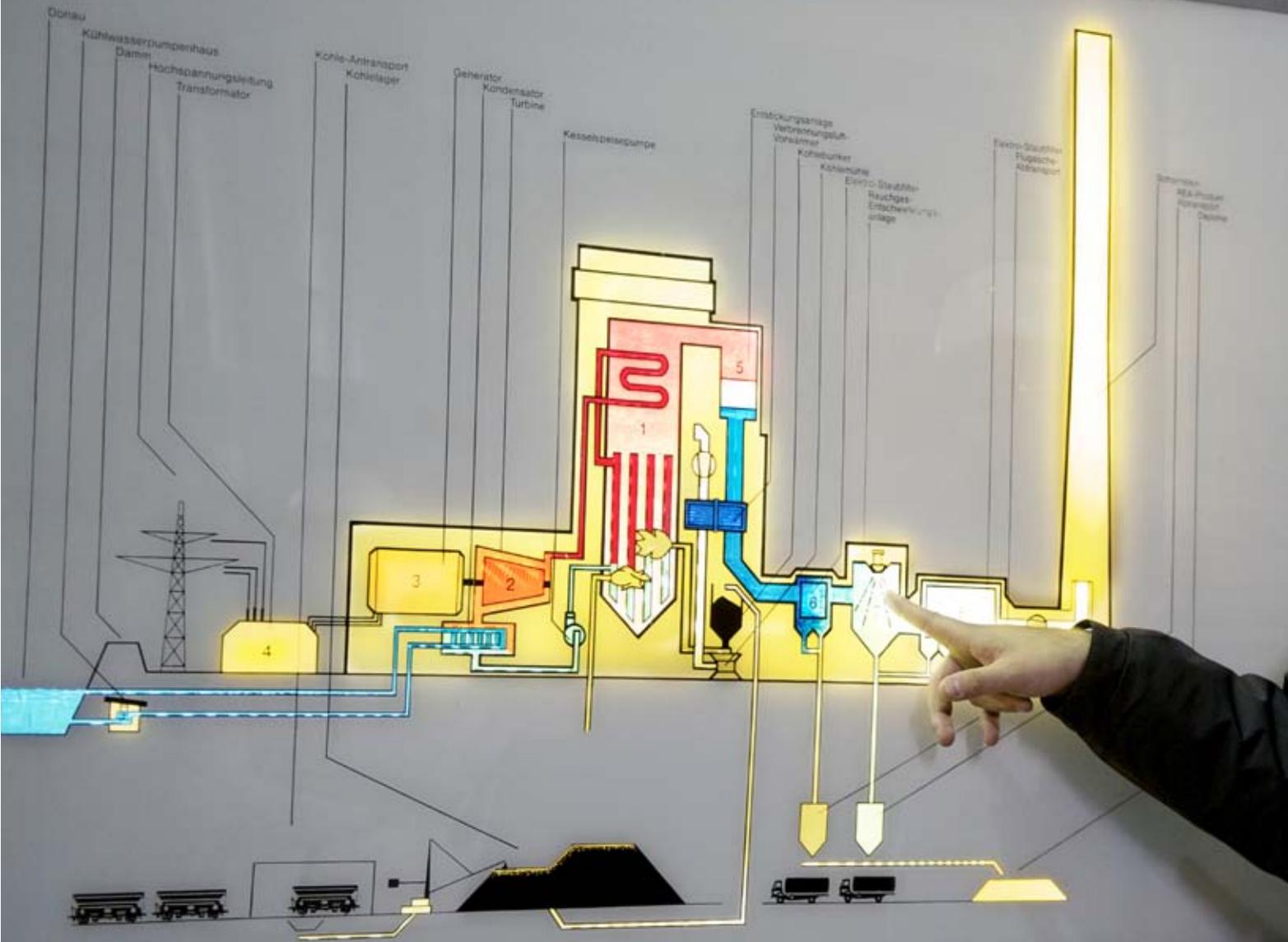
The Dürnrrohr facility not “only” generates electricity but also ecologically utilises waste. The steam which is produced provides district heat to thousands of households and is used as process steam in the nearby bioethanol plant. A report about this international showcase project.

International guests regularly visit the Zwentendorf/Dürnrrohr site in the Tullnerfeld region. On the grounds near the Danube encompassing an area of about 115 hectares, EVN operates a thermal power station as well as a thermal waste incineration plant. In particular, EVN has developed “a close and friendly relationship” with Japanese colleagues, Rudolf Gutscher explains. Gutscher works for the technical service and is the

engineer on duty with responsibility for the smooth functioning of EVN’s thermal power plants. “Up until now, the partnership with Japan has often proved to be very worthwhile”, Gutscher adds. “Japan is a high-tech country. On the basis of the good ties to Japan, we get the opportunity to cooperate on technical matters with partners outside of Europe and the USA”. The fact that Dürnrrohr is considered to be a showcase project



Dürnrohr



Rudolf Gutscher explains how the steam power plant works.

Secure electricity supply

■ **Power generation mix.** A high share of electrical energy is generated in the spring and summer on the basis of hydropower. However, thermal power plants are indispensable in the colder seasons and in

periods of lower unfavourable water flow conditions in order not to be so dependent on electricity imports and thus from prevailing market prices. Electricity consumption also fluctuates in the course of the day,

with peak levels being reached in the morning and evening. Therefore electricity use is classified as base load, medium load and peak load. The base load i.e. the electricity offering required consistently throughout

“We offer a unique combination of power plant and environmental technology here.”



is demonstrated by the considerable interest in the facility and the desire to learn from one another. Once a year Japanese technicians come to take part in a trainee programme in order to get a better idea of how the facility and the applied technologies work. In return, EVN benefits from an exchange of know-how and ideas with its Japanese counterparts. The catalyst technology used in Dürnrrohr originated in Japan, and is still the best in the world at the present time.

Energy and environmental technology. The Dürnrrohr power plant ranks among the most modern in Europe. “We offer a unique combination of power plant and environmental technology here to minimize the impact on the environment”, Gutscher proudly reports. The power station plays a leading part in ensuring a secure electricity supply in Lower Austria. Moreover, the use of steam derived from the waste incineration plant provides district heat to thousands of households and industrial customers in St. Pölten. The power plant was put into operation in 1986 and the waste incineration plant in 2004. The decisive factors in favour of this site were the geographical proximity to the Danube as well as the atomic power station in Zwentendorf which had never come on stream. As a result, it was possible to make use of the electrical lines, control rooms and switching stations which had already been installed there. Moreover, the existing railroad connection was another advantage of the site.

The inner workings of the thermal power station. The thermal power station can be driven either by hard coal or natural gas, which in turn prevents an overly high dependence on one particular raw material. In reality, coal from Russia and Poland is primarily used. The Dürnrrohr facility is a steam power plant. This means that the generators are powered by steam turbines. The coal is very finely grounded in four coal mills, dried with pre-warmed fresh air and then burned in the boiler. Steam is produced from the radiation and contact with the hot flue gases and the steam generator. The steam flowing through the high pressure turbines performs mechanical work which is then converted into electrical energy by the generators connected to the turbines. Transformers subsequently feed this electricity into the 110 kV power grid. >

the day can only be partially covered by hydropower. Medium load periods already require electricity produced by thermal power stations to ensure an adequate supply. At peak times, storage power stations are activated,

such as the ones operated by EVN on the Kamp and Erlauf Rivers. The fluctuating electricity needs show that no one type of power plant can fully cover all requirements. Therefore a reasonable combination is necessary.



The control room modernised in 2008 is the heart of the power plant.

Low level of emissions. “On balance considerably more than 90% of the toxic substances are removed. This means our performance is in the top ranks internationally”, Gutscher says. The flue gas arising in burning the coal is filtered in a multi-stage cleaning plant to such an extent that the remaining contaminants can partly no longer be detected by measuring devices. The share of sulphur dioxide and nitrogen oxide amounts to about 0.1% of the entire volume of flue gas. The product of the flue gas desulphurisation plant (REA product) is deposited in a mine (Preinsfeld) which is in danger of collapsing. The filtered fly ash is used in producing cement. EVN is also searching for viable industrial applications for the carbon dioxide. “We already voluntarily committed ourselves in 2008 to reduce nitrogen oxide emissions”, Gutscher continues.

This means that the Dürnrrohr power plant is obliged to keep NO_x emissions below the legally stipulated level. Whereas the maximum tolerated emissions are 200 mg nitrogen oxide/m³ flue gas, Dürnrrohr emits a maximum of 150 mg/m³ flue gas. This is primarily made possible by a special catalyst, Gutscher

explains, once again building a bridge to EVN’s Japanese partners. “At the time the power plant was built, the decision was made to install a selective catalytic reduction process. The concept for this catalytic convertor which was highly advanced at that point in time and still considered to be so today was developed by Hitachi in Japan. In fact, Dürnrrohr was the first facility outside of Japan using this technology, thus attracting interest from all over Europe”. The special thing about this process is that by injecting ammonia the catalytic convertor converts nitrogen oxide into steam and nitrogen, two environmentally neutral substances. “79% of the air we breathe consists of nitrogen. Our catalytic convertor once again changes the nitrogen oxide into the air components which had previously existed”, Gutscher adds.

Numerous control points in the Tullnerfeld region continually monitor the level of toxic substances in the air. In addition, the trees surrounding the power plant have been scientifically examined for decades by means of analysing the foliage and needles. The results are encouraging. The power plant has not had any verifiably negative effects on the vegetation.

Waste as a renewable energy source

■ **Waste to energy.** EVN realises its unique worldwide concept called “Waste to energy” in its thermal waste incineration facilities. The focus is on achieving the best possible ecological treatment of waste. This means the toxic sub-

stances contained in the waste materials are destroyed at combustion temperatures of over 1,000 degrees Celsius, the indestructible substances are extracted by a modern flue gas purification facility and the disposal of the

residual materials under controlled conditions. The actual volume of waste is reduced to about 10%, which can be safely deposited at a waste dump. In addition to Dürnrrohr, EVN also operates a waste incineration plant in Moscow.

The carbon dioxide problem. Electricity derived from fossil fuels is necessary to ensure a secure supply of electricity. A solution for harmful greenhouse gas emissions has not yet been discovered, but new technologies enabling a sensible use of the CO₂ are being tested. "Unfortunately, the disadvantage in producing thermal energy is the CO₂ emissions. However, the amounts we discharge are extremely low relatively speaking, due to the fact that our plants have a very high efficiency level enabling an optimal use of the fuel!", Gutscher says. Moreover, due to the use of steam generated by the neighbouring waste incineration plant, less fuel is required, and thus less CO₂ is discharged into the air. At the same time, the efficiency level of the power plant is increased.

Climate-friendly logistics. Ensuring the prudent use of natural resources is a top priority in all of EVN's activities. Since March 2010, the coal has been transported from the Danube port to the Dürnrrohr power plant by means of a tubular conveyor belt with a length of about 3 kilometres. About half of the required coal is transported to Zwentendorf by the environmentally-friendly waterway and then brought from the Danube river bank to the power plant by means of a coated conveyor belt ("pipe conveyor"). In contrast to conventional conveyor belts, the pipe form prevents carbon dust from escaping. "The new pipe conveyor not only reduces the number of trucks required but also cuts the level of CO₂ emissions", Gutscher states. The total investment volume for this project amounted to EUR 16m. The technology deployed and the lo-

gistic system underlying waste incineration are globally unique as about 90% of the waste is delivered by rail in special containers and unloaded by an automatic crane system. Almost all residual materials are also transported away by train. "This saves some 40,000 freight truck trips annually" says Felicitas Gruber, head of communications at EVN Umweltholding.

Responsible employees. On balance, the employees in the coal-fired power plant are responsible for ensuring that every link in this chain functions smoothly. Most of these employees have received their master craftsman's diploma as gas turbine, boiler and steam boiler operators. The employees work in three shifts. "The demands imposed on the employees are very high", Gutscher admits. They must have an intimate basic knowledge of the fundamental principles underlying power plant technology, even if there are naturally specialists focusing on a specified aspect. Gutscher is a mechanical engineer himself, and specialises in coal firing and combustion facilities.

Command centre of the power plant. The control of the power plant takes place in the control room, which was modernised in the year 2008. Numerous displays are monitored round the clock to ensure that all components of the power plant and all measurements are functioning properly and are "green for go" in the true sense of the word. "I had to learn quite a lot within a very short time", says the technical employee Jürgen Hoffmann about his six-month training period to become a "control desk driver" according to the >



90% of the waste is delivered by rail and unloaded by an automatic crane system.



All the equipment is carefully checked during the daily tour of the plant.

employee's job description for managing the control room. "One has to know everything about the entire technology of the power plant down to the very last detail, and assumes a big responsibility when working in the control room", he adds. Hoffmann, who emanates an almost stoic serenity and simultaneously the highest possible concentration, just like his colleagues, monitors the more than 200 different measurements, data and parameters displayed on their screens (diagrams and surveillance images). In addition, everything is meticulously checked and documented during a daily tour of the power plant, which can take up to eight hours. Any deviations and warnings, for example overly high temperatures of the turbines, are immediately displayed on the screens. Every component of the power plant, from the cables to the valves, has its own identification number. "We have to react quickly if technical problems arise", Hoffmann says. Real emergencies rarely occur thanks to the modernised control technology and ongoing maintenance work, he adds.

Industrial power plant at Dürnrohr.

The waste incineration process, steam turbines and different electrical lines are displayed on large monitors. The control room is responsible for managing and coordinating this complex system. "I do not know any comparable facility which is so complex and is equipped with so many links", Gutscher says. "The Dürnrohr power plant is no longer just a power generating facility. It has increasingly evolved into a producer of heat and industrial power station". In other words, it not only generates electricity, but uses the steam derived from waste incineration to supply district heat and process steam to nearby industrial companies such as the bioethanol facility of AGRANA. Gutscher points out the synergetic interaction with EVN's thermal waste incineration plant in close proximity to the thermal power station. In the facility, which was expanded to include a third waste incineration line in April 2010, more than 500,000t of household residual waste and bulky waste as well as industrial and commercial waste materials are treated each year in the most ecologically-compatible manner technically possible at the present time. "There is garbage everywhere. We sensibly make use of it and thus replace fossil fuels", Felicitas Gruber says. Since 2004, EVN has already been implementing its "Waste to energy" concept at the waste incineration facility in Dürnrohr.

Expressed in simple terms, valuable energy is generated from rubbish, and all the toxic substances in the waste materials are removed in the most ecologically-friendly manner possible.

Waste to energy.

The close proximity to the thermal power plant makes it possible to exploit the energy contained in the waste materials. The steam arising from the waste incineration process is conveyed to the "EVZ 1" and "EVZ 2" steam turbines in the generating unit by means of pipelines, or directly fed into the power plant boiler. There it can be optimally exploited. "We can act very flexibly. In the first place we use the steam for supplying St. Pölten and the Municipality of Zwentendorf with district heat", Gutscher explains. The steam can then be either used as a substitute for coal (or gas) or directly converted into electricity, depending on prevailing market prices for coal and electricity. The bioethanol plant of AGRANA located near the power plant is directly supplied with process steam by means of a separate pipeline.

Establishing a dialogue

■ **Participation.** Information is a top priority. In particular, the local population has been involved in all the projects long before the project begins. Thanks to this active information policy, 74% of the

inhabitants of Zwentendorf taking part in a referendum held in the year 1997 approved construction of a thermal waste incineration facility. In addition, visitors ranging from international delegations

to groups of pupils and senior citizens come to Dürnrohr in order to tour the power plant and the waste incineration facility. "Each year we host numerous visitors", says Felicitas Gruber,

Herbert Pötttschacher
Member of the EVN
Executive Board



■ **Herbert Pötttschacher:** “With the Energy Concept for the Lower Austrian Central Region, we succeeded in implementing a unique concept. The interaction of the facilities at the Dürnrrohr site, namely the coal-fired power plant and the waste incineration plant, have enabled us to significantly increase efficiency. For example, the heat derived from the waste incineration plant, the thermal power station and the biomass facility are used to provide district heat to St. Pölten. For this purpose we constructed a district heating transmission pipeline with a length

of 31 kilometres, the longest in Austria. Our attempts to use biomass in the form of biogas as an alternative energy source were also successful. That is why we are starting a new project, and are testing the utilisation of sludge as a source of energy. Based on the coming on stream of the third waste incineration line, we were able to come close to doubling the capacities of the waste incineration facility. 500,000t instead of 300,000t of waste are converted into valuable energy each year. On balance, we have invested more than EUR 200m in this energy concept.”



Every component of the power plant has its own identification number.

communications manager of EVN Umweltholding. A separate visitor centre shows “The Path Waste Takes” and offers fascinating views of the 40,000 m³ waste bunker as well as the boiler

house and its three 40m high combustion boilers. Parallel to the construction of the third waste incineration line, the information centre was expanded and redesigned.

District heat for St. Pölten. Since October 1, 2009, EVN has been supplying two-thirds of the district heat requirements for the Lower Austrian capital city of St. Pölten via a 31 km long district heating transmission pipeline, which runs from Dürnrrohr through the Perschling canal and the Traisental valley to St. Pölten. It is the largest of its kind in Austria, with an average diameter of 400mm. Despite its length, only a minimal amount of heat is lost thanks to a specially designed insulation. The water pumped into the pipeline boasts a temperature of 140 degrees and reaches the St. Pölten Nord district heating plant at a temperature of 138 degrees. St. Pölten’s Mayor Matthias Stadler is very proud of the project and calls the district heating pipeline “a milestone in St. Pölten’s energy supply”. He emphasizes the contribution to climate protection in addition to a greater independence and higher security of supply. The district heating transmission pipeline saves 21m m³ of natural gas, and reduces CO₂ emissions by 40,000t.

Ecology and economy. Considerable cost saving potential also exists at the Dürnrrohr power station by linking the generation of steam to the waste incineration plant. Each year, the power station saves 100,000t of coal and 10m m³ of natural gas. The thermal waste incineration facility is an international showcase example for ecologically and economically optimised waste disposal. “Delegations from all over the world come to visit us. In the near future we expect a visit from Ulan Bator (Mongolia). Chinese groups also paid a visit to us”, Gruber says. EVN develops customized concepts on behalf of its customers which are tailored to meet the requirements and conditions at each location. The same technical solutions are not applied everywhere. “For example, in Moscow we rely on dry flue gas purification, because the facility is located in the city itself”, Gruber states. Furthermore, the heating value of waste varies and is higher in Austria (an average of 11 MJ/kg) due to widespread waste separation than the plant in Moscow (7.5 MJ/kg).

Successful tests. The attempt to utilise biomass in the form of gas in a thermal power station was successfully concluded. Different varieties of maize and wheat straw, elephant grass and other biogenic wastes were analysed and if suitable were burned as biological raw gas in the boiler of the Dürnröhr power plant. The biological raw gas thus serves as a replacement for coal and natural gas, further increasing the flexibility of the power station's production mix. "The experiments were successful. We will also continue to use biomass", Gutscher says. But this is not all. Within the framework of a new project, the facility will be converted into a sludge utilisation plant in order to exploit the properties of sludge to generate heat in an ecologically friendly manner.

The highest level of competence. The Dürnröhr power plant has been transformed from an exclusive producer of electricity to a service provider for industry. In particular, the technologies deployed have changed. EVN played a major role in developing innovative concepts and technologies. Waste incineration is a showcase example – for the entire world! The focus is always on ensuring a secure energy supply and prudently using natural resources. "There is no comparable power plant site in all of Europe. The way the individual facilities are linked is unique", Gutscher concludes, adding: "We are operating at the highest possible level of competence, especially concerning the regulation ability of the entire plant, in part at the very limits of what is possible." _____

CO₂: Resource instead of pollutant

Research. If people talk about carbon dioxide (CO₂), then they usually do it in connection with climate change. However, CO₂ is an indispensable gas for our ecological system, and a valuable raw material with a diverse range of applications. CO₂ is often generated directly from fossil fuels for technical applications. Soon a considerable share of this CO₂ can be directly derived from the flue gas in power plants. "Research is being conducted throughout the world on how carbon dioxide

can be industrially used, so that it is not discharged into the atmosphere at all", says Gerald Kinger, an EVN chemist specialising in power plant construction. A technology enabling CO₂ to be separated from the flue gas is currently being developed. However, according to Kinger it is still in a state of infancy. EVN is also carrying out research in this area, and put a pilot plant for CO₂ separation into operation in 2009 at the Dürnröhr site. The CO₂ is separated from the flue gas by means of a scrubbing solution and the carbon dioxide-enriched scrubbing solution is subsequently heated in a separate container. This releases CO₂ which is very pure. The regenerated scrubbing solution is fed back into the process and the whole cycle begins again. The aim of the experiments is to identify suitable scrubbing solutions for CO₂ separation and at the same time examine the potential interaction between the operation of the carbon dioxide separation and recovery plant and the power station. The pilot plant treats up to 20 Nm³ (standard cubic metres) of flue gas per hour, releasing up to 5 kg of CO₂ on an hourly basis. Even if the discharged quantities of CO₂ significantly exceed industry's needs, carbon capture certainly makes a contribution to climate protection. Opportunities to commercially exploit the process are currently being explored. "We want to make carbon dioxide into a sought after raw material for industrial purposes", Kinger concludes.



Gerald Kinger is searching for a suitable scrubbing solution.

CCS – a hotly debated topic

■ Carbon Capture and Storage (CCS) is designed to enable CO₂ to be separated from waste gas emissions in the future and stored in underground storage facilities. At present, the European Union

and individual member states are working to establish the legal framework to allow for the application of this technology. At the same time, several pilot plants have demonstrated that this technology

is mature enough to be commercially exploited on a large-scale basis. EVN participates in research projects in the field of carbon capture and aims to use the generated CO₂ for commercial purposes.

CO₂ as a raw material

■ Microalgae used for medical purposes and cosmetics as well as for food and supplying energy are bred with the assistance of CO₂.
 ■ The discharged CO₂ serves as carbonation ensuring the sparkling

in soft drinks, champagne or beer.
 ■ CO₂ is the basic raw material used in producing fertilisers, and also serves as a raw material for industrial applications, e.g. in manufacturing plastics or salicylic

acid, the main ingredient in aspirin®.
 ■ CO₂ is used in the fertiliser and food industries.
 ■ And the CO₂ contained in fire extinguishers helps to save lives.

Solar energy instead of atomic power

Exploit the power of the sun. Since June 2009, EVN has been operating one of the biggest photovoltaic facilities in Austria at the site of the atomic power station in Zwentendorf which was never put into operation. 300 photovoltaic panels were mounted onto the façade and roof of the reactor building, and 700 photovoltaic elements were set up outdoors. In addition to firmly mounted solar generators, solar systems adjusted to track the sun are also deployed. The facility involving total investments of EUR 1.2m generates 180,000 kWh of solar electricity per year, thus covering the needs of several thousand households. Moreover, the photovoltaic research center in Zwentendorf was established in cooperation with the Vienna University of Technology. Eight employees have been dedicating their efforts to this form of energy since October 2010.



EVN News

Good news for and from Lower Austria.

More wind and hydropower!

Projects in Lower Austria. On a long-term basis, the share of renewable energy in the overall production mix should be increased to 50%. In this regard, considerable importance is attached to the expansion of EVN's wind power and hydropower capabilities. The two optimally complement each other. Just at the time during the winter months when hydropower is reduced to a minimum, the wind turbines turn at full speed. EVN is currently exploiting this potential with 63 wind turbines operating at seven wind



parks. And EVN is moving ahead to promote this expansion. At the current time, wind parks are being planned in the Weinviertel region and in the Lower Austrian Central Region. A total of up to EUR 200m is being invested. In the field of hydropower, the Schütt an der Ybbs power plant which is close to 100 years old is being modernised, and converted into a modern power station featuring an output of 1,980 kW. Despite the raising of the storage level, the ecological conditions are being maintained by restoring the characteristics similar to normal flowing waters. The power plant will once again come on stream in April 2011.



Biogas as a chance for the future

Innovative biogas processing. The largest biogas processing plant in Lower Austria located on the grounds of the Wiener Neustadt-South Wastewater Association is expected to commence operations at the end of 2010. In this project which EVN is carrying out in cooperation with the Wiener Neustadt Wastewater Association, biogas should be generated as a cofermented substance and processed to bio-methane suitable for being fed into the gas network after the hydrogen sulphide (H₂S) and carbon dioxide have been removed. Various innovative technologies are used to achieve this. More than 1m³ of processed biogas (bio-methane) should be generated annually in this process, and fed into a 2.5 km long pipeline into the EVN gas network.

The dilemma of climate protection

Prof. Majib Latif explains in an interview the scenarios awaiting mankind if no solution is found to stop global warming.

Mojib Latif at Kiel Harbor. According to his calculations, the world's sea level will rise by 80 meters in the long-term if global warming is not stopped.

The marine scientist Mojib Latif has been focusing his attention for years on climate change and its effects on our ecological system. In an interview he criticizes the failure of political decision-makers, but is confident that partnerships between regions as well as companies can serve as the basis for developing new approaches.

— **Almost a year has gone by since the UN Climate Conference took place in Copenhagen. What has happened in the meantime?**

Conflicts are being openly carried out since the failure of this climate conference. At that time, I already used the term "Climate Mikado", i.e. those who move first end up losing. This is the erroneous belief held by the responsible players. In fact,

no nation has really changed its attitude since then. Above all, the Americans have not budged, which in turn provides India and China with a welcome pretext not to react as well. And the Europeans wonder why they should do something on their own.

— **Do you see a way out of this dilemma?**

It is a surefire thing that no follow-up treaty to the Kyoto agreement will be agreed upon at the next conference in Cancun. And even the Kyoto accord, which expires in 2012 and is actually a treaty valid under international law, will not have long-lasting consequences if it is not adhered to. Only a few countries such as Germany can boast of a somewhat acceptable development. The USA did not ratify the Kyoto Protocol in the first place, and countries in Southern Europe such as Spain and Italy >





"We must be intelligent enough to consider an alternative to fossil fuels at the right time."

EVN invited Mr. Latif to this interview to include the point of view of an external expert in its reporting. His opinions do not necessarily coincide with those of EVN. In return for this interview, Mr. Latif requested that EVN make a donation to UNICEF.

have by far exceeded the concessions granted to them. For this reason, we should not wait for another global agreement to be concluded, but hammer out partnerships from now on.

___ **What kind of partnerships are you talking about?**

I mean between individual regions, but also between companies. For example, a good approach could be the electricity from the desert project Desertec, which aims at building solar power plants in North Africa. This would revolutionize the local energy supply as well as energy supplied to Europe. The biggest German industrial companies plan to invest up to EUR 400 billion in this over the next ten years. In order to supply the entire amount of energy needed by the people, solar power plants will have to cover about 0.6% of the land area. And there is also wind power, geothermal energy, etc. Completely new approaches are being developed.

___ **And what will happen if mankind does not succeed in limiting global warming to two degrees Celsius by 2050?**

In this case, the consequences have already been mapped out. We can already measure the effects of global warming today, even if the upward climb of 0.7 degrees Celsius during the last 100 years is only the beginning. If mankind continues its current path unabatedly, temperatures will be 4-6 degrees Celsius higher at the end of this century than before the Industrial Revolution. This would be a level which mankind has never previously experienced. And the consequences would be fatal in every respect.

___ **Can you give specific examples?**

Ultimately the Earth would be ice-free and the world sea level would be 80 meters higher than it is today. This would not happen overnight, but in the course of the subsequent millennium. The decisive thing to mention is that our influence on today's climate is irreversible. If we do not manage to stop greenhouse gas emissions, the climate will reach the tipping point. In this case, it would no longer be possible to reverse this development. We do not know whether the threshold will be reached with a 2, 3 or 1.5 degree Celsius rise in temperatures. In other words, we are driving into the dense fog at full speed, and do not know if there is a wall there or not. The two degree Celsius increase is only a way of expressing the hope that we will just manage to get off lightly by the skin of our teeth. Behind this hope is a big helping of pragmatic thinking. For all intents and purposes, it will hardly be possible to limit global warming to less than two degrees by the year 2100.

___ **What will happen if the planet heats up by two degrees Celsius?**

In this case, the impact on people would be something completely unprecedented. During the last million years, the highest temperature was 16 degrees Celsius, and 10 degrees Celsius during the Ice Age. Today the average temperature on Earth is 15 degrees, and if we manage to curtail global warming, it will rise to 17 degrees Celsius in 2100. There will not be any more glaciers in Europe, and the Arctic will be ice-free during the summer months.

About Mojib Latif



■ **Mojib Latif** is a professor at the Leibniz Institute of Marine Sciences IFM-GEOMAR at the University of Kiel. He has received numerous scientific awards for his research work, most recently the Deutsche Bank IFM-GEOMAR Marine Research Prize. In addition, he contributes his expertise to national and international organisations as well as the CAU Cluster of Excellence "The Ocean of the Future". In the years 2001 and 2007, Latif was the co-author of the IPCC (Intergovernmental Panel on Climate Change) report.

___ **So how would this impact the people living in Europe?**

If mountain ranges are not subject to frost, we will be faced with greater shifts, mudslides and avalanches. Higher temperatures also mean that more water will be in circulation due to the higher level of evaporation. There will be increasing periods characterized by heavy precipitation. However, it is naturally hard to predict the extent to which these changes will influence the lives of people in Europe.

___ **Some people are even talking about a temporary cooling.**

The climate is subject to natural fluctuations. But it does not make any sense to focus on short periods of time. The fact that there is a long-term trend towards global warming is no longer being disputed.

___ **Are there opportunities for companies working in this business environment?**

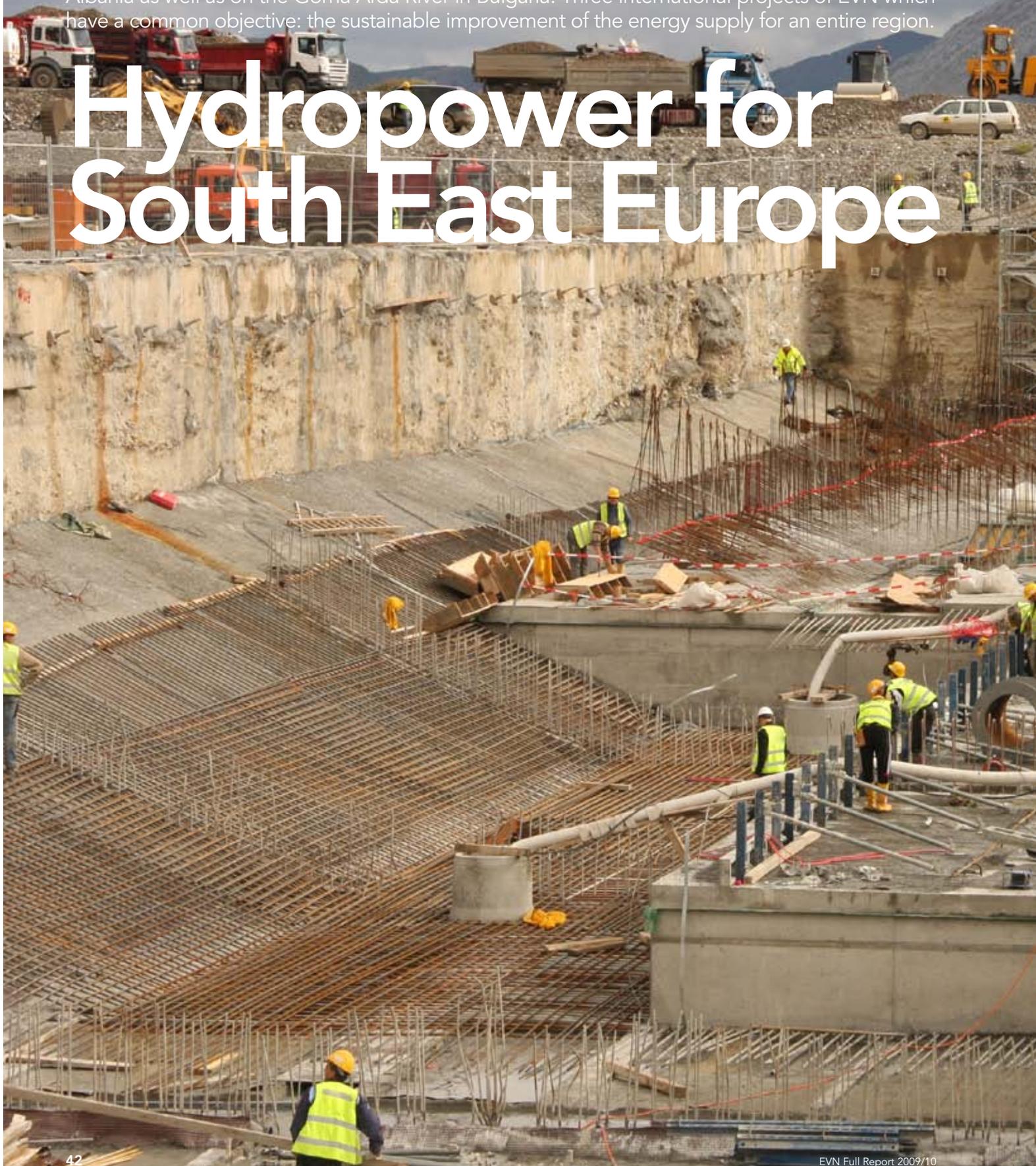
Certainly, but especially for those companies which succeed in decoupling growth from the environmental impact. The economic crisis has clearly demonstrated that a decline in GDP leads to a strong decrease in greenhouse gas emissions. We have to change our way of doing business so that this correlation no longer applies. One good example is the field of renewable energies. It is also important for me to emphasize the fact that there are ways of reducing CO₂ emissions which are regularly being avoided in public discussions. The continuous clearing, cutting down and burning of rain forests alone account for 15% of all global emissions. Here I do not see the necessity for this at all. One cannot sympathize with the interests of a few large corporations which are responsible for this madness.

___ **Will the end of the fossil fuel age help to reverse the current trend?**

Even if we reached the expected peak oil i.e. the maximum rate of global oil production, in about 20 years and prices catapulted to record highs, I think it would still be too late for a turn-around. At the same time, this would be accompanied by a worldwide recession. This cannot be our goal. We must be intelligent enough to consider an alternative at the right time. _____

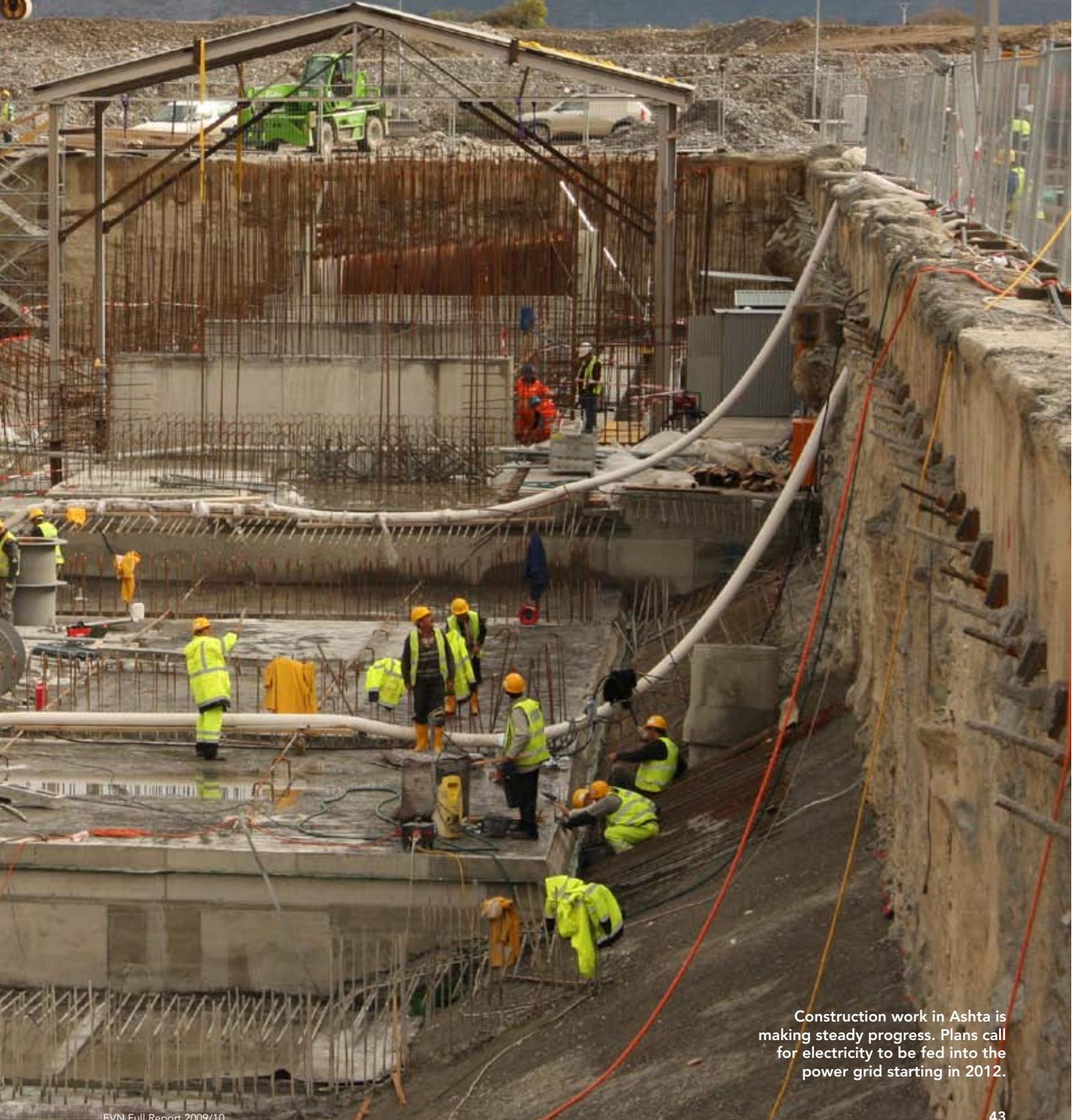
Let us take a closer look at the hydropower plant projects on the Devoll and Drin Rivers in Albania as well as on the Gorna Arda River in Bulgaria. Three international projects of EVN which have a common objective: the sustainable improvement of the energy supply for an entire region.

Hydropower for South East Europe



Against the impressive backdrop of the Accursed Mountains, also called the Albanian Alps, the Drin River meanders its way through the wild romantic countryside in the north of Albania. An area of close to 12,000 km² is drained by the Drin, in the north and east of Albania, as well as regions in the west of Macedonia and Kosovo. However, these huge volumes of

water will be used to generate energy before they reach the Adriatic Sea about 50 kilometres further south. The Vau-Deja, Koman and Fierza hydroelectric power plants have already been in operation for years. The last power station in this chain will be constructed by EVN in cooperation with VERBUND AG. Not far from the village Ashta, located south of Shkoder, >



Construction work in Ashta is making steady progress. Plans call for electricity to be fed into the power grid starting in 2012.

“With Ashta EVN has set a strategic milestone”.

Peter Layr, Member of the EVN Executive Board



What is Hydromatrix®?

■ **Turbine solution.** This concept is a leading-edge solution of the Austrian company ANDRITZ AG, developed for

low pressure hydropower plants for existing dam and weir systems. The small propeller turbine generator units are

installed in a matrix-type arrangement and will also be used in each of the two stages of the Ashta power plant.

the fourth biggest city in the country, a river power station with two barrages will be completed by the year 2012.

The Ashta power plant. After VERBUND AG won the international tender in July 2008, the concession agreement was signed just a few months later in the presence of the Albanian Prime Minister Sali Ram Berisha. The project company Energji Ashta SHPK was founded. In April 2010 a syndicate agreement between EVN and VERBUND AG was concluded, stipulating that both firms would own a 50% stake in the Ashta power plant. From the very beginning the construction schedule has been very ambitious. All necessary licenses and permits were granted in the record time of only one year. Construction

work began in March 2010. It is planned for electricity to be fed into the 110 kV network in Albania starting in 2012.

World's largest Hydromatrix power plant.

Both stages will not use conventional Kaplan turbines but 45 smaller so-called matrix turbines. They enable the power station to be operated even in the case of lower water flow speeds, and thus increase the efficiency and power generating capacity of the facilities. The first stage of the power plant will exploit the difference in height of the Spathara reservoir, which was already constructed about 30 years ago with an effluent weir and smaller irrigation systems for agricultural purposes. More than 500 m³ of water per second will drive the 45 matrix

turbines. The second row of turbines will be installed after an approximately five-kilometre-long and very deep bypass channel not far from the village of Ashta.

Electricity for 100,000 households. The two turbine plants with an installed capacity of 50 MW will produce about 240m GWh of electricity annually, thus providing clean electricity from hydropower for approximately 100,000 Albanian households. “We are using the hydropower of the Drin River in a very efficient manner”, says Peter Stelzer, EVN’s project manager and manager of Energji Ashta. “The Ashta project not only makes an important contribution to the country’s energy supply, but also brings important economic impetus to the region”, Stelzer adds. On balance, VERBUND AG and EVN will invest about EUR 200m in the project. Following the expiration of the concession agreement in 35 years, the Ashta power plant will become the property of the Republic of Albania.

Hydropower plants on the Devoll River.

Another EVN project in Albania has completely different dimensions. It will be realized in the upcoming years in the form of a 50-50 joint venture with the Norwegian partner Statkraft, Europe’s largest electricity producer based on renewable energy sources. In 2007, EVN presented the Albanian government with the first feasibility studies to exploit



Workers in Ashta in Northern Albania

Peter Layr
Member of the EVN
Executive Board



■ **Dr. Layr:** “EVN has been active in South East Europe for several years, and has been responsible for supply energy to about 2.5m customers in Bulgaria and Macedonia. We will have significant production capacities at our disposal for the first time in the region thanks to our stake in the construction of the Ashta hydropower plant in Albania. We continue to be convinced of the growth potential of this region. The need to catch up in economic terms is enormous. Up until 2020 electricity consumption in Albania is expected to expand at an annual growth rate of 4%! We want to participate in this growth and also contribute to the economic development of the country at the same time.”

hydropower potential on the Devoll River, and later emerged as the best bidder in an international tender process. The concession agreement was signed in December 2008. Since then, preparatory work has been proceeding at full speed. Construction is expected to commence at the end of 2012. The total investment volume will range between EUR 735m and close to EUR 1 bn depending upon the stage of expansion. Three peak load storage power stations with a planned capacity between 255 MW and slightly more than 380 MW will be constructed over a period of four to six years.

Hydropower for Bulgaria. The third hydropower project being pursued by EVN in South East Europe is in a comparatively early stage. In July 2010 a Memorandum of Understanding was signed to set up a joint venture with Bulgaria’s state-owned electricity group NEK. The objective of the new company will be to construct three hydropower plants on the Arda River in the southeast of Bulgaria. In several expansion phases the power stations will reach a total capacity of up to 170 MW and provide electricity to approximately 140,000 Bulgarian households. In the first phase, EVN intends to acquire a 30% stake in the project, which will be increased to 70% in a second phase. At present substantiated feasibility studies are being prepared.

Cross-border energy supply. EVN is striving to provide a flexible energy mix consisting of hydropower and thermal power as well as alternative energy sources designed after the Lower Austrian model in order to ensure a reliable supply of energy to its customers in South East Europe. An important contribution to realizing this goal will be made by the hydropower plant projects in Albania and Bulgaria – for the benefit of the population, economic development as well as to climate protection.



Work, but safely!

Responsible employer. EVN employs close to 5,600 people in Bulgaria and Macedonia, and is thus one of the most important providers of jobs in this region. Intercultural meetings and working groups ensure the cross-border exchange of know-how and experience. Thanks to comprehensive safety trainings and new protective equipment, the number of occupational accidents could be considerably reduced in the past few years. Despite all efforts, three deadly accidents at work took place in 2009. EVN deeply and sincerely regrets this disaster. In the future EVN will intensively continue its initiatives to improve occupational safety.

EVN News

The most important information and news from the

Hydropower for Macedonia

Production increase. In recent years EVN has massively invested in the modernization of 11 small hydropower plants in Macedonia, succeeding in considerably raising power generating capacities. In the years before 2009, these power stations produced about 100 GWh of electricity annually. In 2010, production climbed to 150 GWh in 2009. This level was already reached in the first six months of 2010. In particular, it is important to point out the application of new technologies enabling automated operations and the increased capacities at the Matka and Pena hydropower plants.



Renewable energy in Bulgaria

EVN's high performance photovoltaic facility. The photovoltaic park in the Bulgarian village of Blatets put into operation in May 2010 achieves a total output of close to 840 kilowatt peak (kWp), and is thus EVN's biggest photovoltaic power plant. This project will also



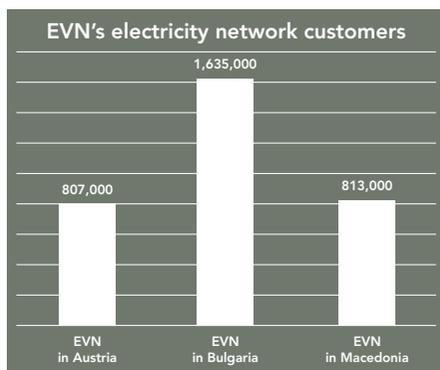
make an important contribution to climate protection. In the future, wind power will be exploited in Kavarna in the northeast of Bulgaria, where EVN is building a wind park within the context of a joint venture. The wind park is expected to come on stream in 2012.



Croatia gives gas

Gas networks for Croatia. EVN emerged as the best bidder in an international tender process for three concessions to construct and operate the natural gas networks in the Croatian municipalities of Zadar, Sibenik-Knin and Split. A distribution network with a total length of almost 1,4500 kilometres will be constructed by 2012, involving total investments of EUR 72–105m. As a result, some 130,000 households will be supplied with natural gas.

markets of Albania, Bulgaria, Croatia and Macedonia.



3.6m customers

Bulgaria and Macedonia.

EVN supplies around 807,000 customers in Austria with electricity. In Bulgaria and Macedonia, the number of customers is three times as high. The latest figure is about 2.4 million electricity network installations. In Bulgaria, EVN also supplies district heat to some 35,000 customers.

Most modern cogeneration plant in the Balkans

Increasing the security of energy supplies. EVN is constructing a cogeneration plant on the grounds of an existing district heating plant in the Bulgarian city of Plovdiv enabling the combined generation of electricity and heat. This modern technology has a big advantage. Whereas conventional methods of generating energy discharge the unutilised waste heat into the atmosphere in the form of condensed heat, the cogeneration



technology uses this waste heat and generates heat and electricity in a combined process. A highly efficient combination of a gas and steam turbine with an electricity output of 55 MW will be driven with pure natural gas. TEZ Plovdiv Sever will be the most modern cogeneration facility in all of the Balkans, and significantly improve the security of energy supplies.

Short & good

■ **EVN in South East Europe.** EVN has been operating on the Bulgarian market since 2004 and in Macedonia since 2006. Due to the economic catching-up process, there is considerable growth potential in this region. The rise in the standard of living will correspondingly lead to increased energy consumption. For this reason, EVN is investing in building up its own power generating capacities in South East Europe, focusing on hydropower projects in Albania and Bulgaria.



■ **Important investor.** Since its market entry in Bulgaria and Macedonia, EVN has invested about EUR 489.0m to improve the infrastructure and customer services, EUR 100.7m in the reporting year alone. The focus of investments was the modernization of the network infrastructure and electricity metres.

■ **Conflict with the Republic of Macedonia.** Against the backdrop of arbitration proceedings initiated by EVN AG on May 8, 2009 against the Republic of Macedonia to protect its investments, the Government of Macedonia and EVN agreed to seek a step by step, joint solution to all unresolved issues and problems between the two parties. By determining the criteria and a timetable for implementation, intensive bilateral negotiations between the two parties should create a win-win situation for the government as well as for Macedonian citizens and EVN in the next few months and thus increase mutual confidence.



Change as an opportunity

In the last few years EVN has been transformed from a regional energy supplier to an international energy and environmental services company. The EVN team has become more international as a result of this change. Thanks to an ongoing, pro-active dialogue, employees and thus the entire company profit from this cultural diversity.



EVN human resources managers from four countries meet to exchange views and experiences.

It involves culture, curiosity and the exchange of know-how”, emphasized Stefan Szyszkowitz, Head of the strategic business unit South East Europe right at the beginning of the first “Group HR Day 2010” (HR = human resources). On October 21-22, 2010, the human resources managers of EVN’s subsidiaries in Austria, Bulgaria, Macedonia and Germany met at corporate headquarters in Maria Enzersdorf to take part in workshops and discussions designed to exchange views and experiences and develop solutions to upcoming challenges. In addition to the sharing of experiences and knowledge transfer, the focus was primarily on promoting a dialogue with and among the subsidiaries. This was in the best interests of the 18 participants in the “Group HR Day”, as reflected by the

individual wishes they expressed at the beginning of the meeting: “professional networking”, “exchange of ideas”, “learning from one another” and “getting to know different points of view”. Considerable interest was displayed in the event, and the atmosphere was excellent. In addition to speeches about the highlights of HR work in the respective countries, the workshops discussed and developed solutions relating to current issues in the field of human resource management. In order to be able to live, embody and practice the EVN slogan “Always at your service” on a Group-wide basis, “one needs the right and the best people for the company”, Szyszkowitz states. Finding them is one of the main tasks facing modern-day human resource management. >



The lively intercultural exchange leads to a know-how transfer which benefits everyone.

The vibrant intercultural exchange results in a know-how transfer which benefits everyone.

Internationalisation. EVN has been operating in Germany and internationally since the acquisition of WTE in the year 2003. In 2004, EVN entered the Bulgarian market, and expanded to Macedonia as well in 2006. The number of employees in the Group also increased as a result of this expansion drive.

In the 2000/01 financial year, EVN still had only 2,204 employees. In the meantime, the total workforce has climbed to 9,973 people as a consequence of the acquisitions. On average, 8,536 employees were working for EVN during the year under review, including 5,990 abroad. In addition to 807,000 customers in its domestic market of Lower Austria, EVN also supplies electricity to 2.4m customers in Bulgaria

and Macedonia. In the Environmental Services segment, EVN operates in 15 countries and implements projects such as drinking water purification and wastewater treatment plants (Refer to page 72).

EVN as an attractive employer. Highly qualified and dedicated employees are a key success factor, says EVN Human Resources Manager Wolfgang Maier. "We have to attract the right people to work for our company". For this reason, establishing and maintaining contact to suitable applicants should not be left to chance and is thus an important aspect of human resource management. EVN is very active in this respect and is

Focus on occupational safety

■ **Integration.** One priority in integrating the Bulgarian and Macedonian subsidiaries is to improve occupational safety. In addition to trainings, all employees received modern and

standardized personal protective equipment and insulation tools. The important thing is to improve the attitude of employees towards occupational safety and to build awareness.

This is the primary goal of the "Working Under Tension" program which encompasses both theoretical and practical work on electricity poles, overhead lines and electricity distribution and

positioned as an attractive employer, cultivating close contacts to universities and regularly participating in career fairs in Austria and abroad.

At the beginning of 2009, EVN provided information about apprenticeships and career opportunities at the company within the context of the Career Day held at the Technical University in Plovdiv. At the same time, Career Calling 09, an event jointly organized by the Vienna University of Technology, the Vienna University of Economics and Business and the University of Natural Resources and Life Sciences, took place at Austria Center Vienna, featuring 130 exhibitors and more than 5,000 visitors.

Exchange beyond national boundaries.

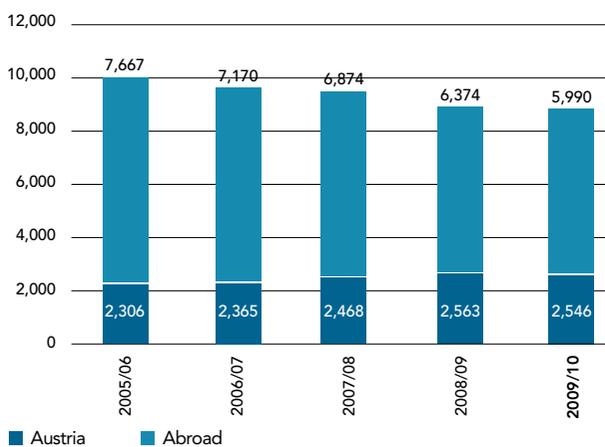
A vibrant dialogue and know-how transfer have taken place since the acquisition of the Bulgarian and Macedonia companies. The focus is on developing a shared corporate culture. Starting in Lower Austria, the principles of sustainability-oriented management have been introduced and implemented in the Bulgarian and Macedonian markets. In order to ensure a high quality level in its professional development and further education activities, a so-called "EVN Academy" was established in Bulgaria and Macedonia designed after the one in Lower Austria. The "EVN Bulgaria Academy" and "EVN Macedonia Academy" offer a broad spectrum of seminars and trainings.

In addition to language and IT courses, the offering encompasses specializing trainings and management development programs. EVN relies on an open information policy to promote a dialogue with and among the various subsidiaries. This includes an employee magazine reporting

about all changes and innovations at EVN as well as regularly held international meetings of employees in the different business areas. Along with the "Group HR Day", the international conference of all personnel experts, regular Group-wide information platforms are held, such as the "Group Forum Legal/Insurance", the "Commercial Group Forum" and the "Energy Group Forum". These events result in a Group-wide exchange of know-how. In addition to sharing expert knowledge, such events attach considerable importance to maintaining and expanding intercultural contacts.

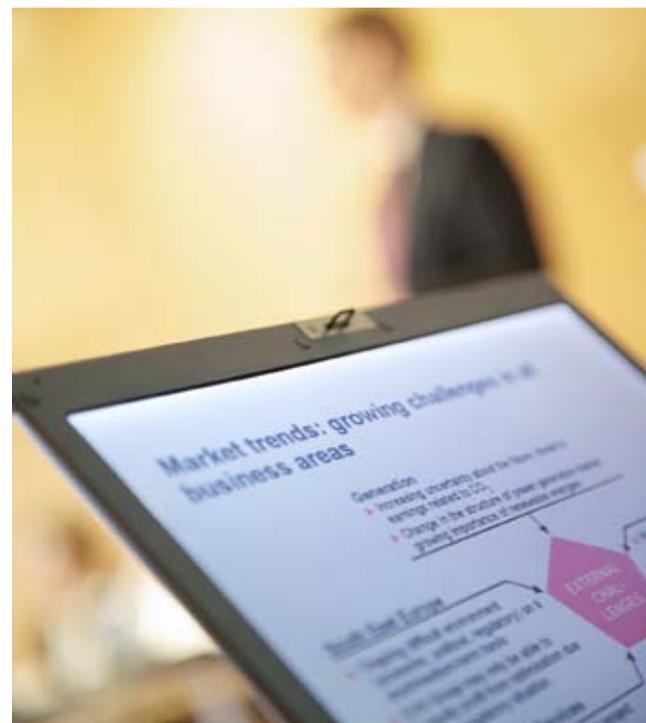
Dynamic working environment. As we see it, all these efforts have resulted in employees strongly identifying with the company. In some areas, this could already be confirmed by employee surveys. Werner Hengst, Member of the Executive Board of the EVN Bulgaria Group since 2005 and since 2010 also CEO in Macedonia, reports about his practical experience over the past few years. "The working environment has considerably changed in recent years, and has been significantly shaped by the integration of EVN Bulgaria and EVN Macedonia in the EVN Group. This integration process involves regular "foreign assignments", i.e. Lower Austrian employees work in South East Europe and vice-versa. Wolfgang Schäffer, a colleague of Werner Hengst on the Executive Board of EVN Macedonia, states: "There is also no lack of junior employees. More than 30 trainees had the opportunity to get to know EVN during the summer. This is the way we can attract the best minds to join the company".

Employees per region



measuring devices. In the 2008/09 financial year, a separate training centre was opened in Makedonski Brod, Macedonia, serving as the location for the "Working Under Tension" training.

This course was held 52 times during the reporting period, involving 1,092 employees. On balance, a total of 6,120 employees took part in 436 courses involving occupational safety issues.





Topics such as talent management and employee motivation are treated in workshops.

Training and further education. Jörg Sollfelner, CEO of the EVN Bulgaria Group, believes the diverse range of professional development and further education measures certainly contribute to the successful process of integration. In addition to language courses (German and English), seminars for customer service employees and project management courses, the focal point in the past financial year was on instruction designed to acquaint employees with the latest technologies. For example, employees were particularly trained to deal with the new "SAP" software program. SAP, software for commercial and business purposes, was implemented in the year under review.

Exploiting potential. "The restructuring was successfully concluded, and we are now in the optimization phase. Our goal is now to optimally exploit the extensive

potential in the foreign markets we operate in", says Peter Layr, Member of the Executive Board of EVN. In addition to language courses and presentation seminars, the professional development and further education efforts in Bulgaria mainly concentrated on trainings for executives and a course entitled "Working Under Tension" to improve occupational safety. "The reliability and quality of the energy supply as well as occupational safety could be significantly improved. We can build upon a solid foundation, both in organizational terms as well as with respect to human resources, and are thus well-equipped for the future," he adds.

Change as an opportunity. The changes which have taken place at EVN in recent years also comprise an opportunity. Accordingly, it is important to positively accept these changes.



About cultural differences and successful women

"In Bulgaria it is normal for women to work and assume responsibility", says Jeanette Stoitschewa, commenting on her rise to Group-wide Customer Relations Manager. "From my experience, I can say that qualifications are

the decisive thing." She was not the victim of discrimination in the course of her career. "Up until now I have had the possibility to pursue my interests". Accepting a position in Austria meant confronting cultural differences

For this reason, the ongoing development of employees is a top priority on the agenda of the human resources managers. A person never reaches the point where he has learned all there is to know, even with longstanding professional experience. This was confirmed by Wolfgang Maier at the "Group HR Day". "Times have changed, which is why managers also have to continually further develop their capabilities". A special package of courses targeting executives and qualified junior managers is available at every EVN Academy.

"EVN SUN 2010". In addition to promoting the skills of executives, an additional focal point of the company's efforts is talent management in order to ensure a sufficient supply of junior managers. A tailor-made offering for promising high potentials celebrated its premiere during the year under review. For the first time, the EVN Summer University "EVN SUN 2010" took place from September 14-19, 2010. These summer courses were held in Ottenstein, Austria and targeted executives and managers from Austria, Bulgaria and Macedonia. A seminar program was developed in cooperation with the Executive Academy of the Vienna University of Economics and Business providing 20 participants with the opportunity to look far beyond their respective areas of responsibility by examining case studies and practical challenges. Promoting the advancement of talented employees and executives comprises an important strategic target of EVN, and took centre stage at "EVN SUN 2010". Wolfgang Maier emphasized that "we have to identify talented individuals and promote them, so that they can qualify for higher positions". Participation in the EVN Summer Academy was not based on a traditional selection process with employees being nominated by their superiors, but on a voluntary basis. This self-selection process ensured the required commitment on the part of all those involved to contribute their utmost to the seminars. The application process included writing a letter of motivation, doing preliminary research and fulfilling preparatory tasks. With their application to take part in the EVN Summer University, the participants already sent a clear signal demonstrating their interest in assuming future responsibilities and overcoming future challenges. The courses were held in English, which represented a challenge to all participants, considering the fact that not a single individual was a native speaker. The seminars featuring international lecturers highlighted topics such as "strategy", "change management", "innovation" and "leadership". Case studies were dealt with and discussed in order to ensure the practical relevance of the material. In

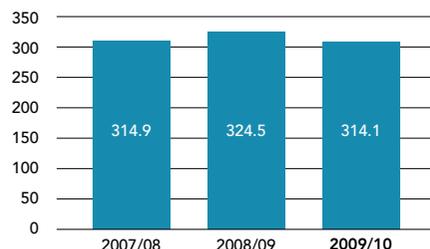
head-on. "I was impressed by the fact that women, and in the meantime men as well, stay at home with their children. This is not customary in Bulgaria. With the exception of parental leave, the desire is to have a full-time job, but not only for

financial reasons". This explains the low number of part-time employees at foreign subsidiaries. Stoitschewa praises the positive working environment. "People treat each other in a very friendly manner, and deal respectfully with one another".

Training as the key to success

■ EVN's success is based on the dedication and qualifications of its 8,536 employees. For this reason, it invested about EUR 2.7m alone in professional development and further education.

The average training budget per employee in Euro



Wolfgang Maier, EVN's Human Resources Manager, Group HR Day

addition, there was the possibility to discuss various issues with EVN's top management. CEO Burkhard Hofer also responded to questions posed during an informal discussion. In addition to promoting talented executives, "EVN SUN" also attached considerable importance to setting up an international, Group-wide network. At the end of the scheduled program, the EVN Sun Alumni Association was established. Coordinated by Aneta Petrovska from Macedonia, this body is designed to ensure that the employees stay in touch and that all participants will be enriched by this experience of cultural diversity.



Outstanding ideas

EVN idea management. There is considerable untapped creative potential in the minds of EVN's employees. EVN has been exploiting this potential for more than ten years within the framework of its idea management system. Employees are more familiar with internal processes, products and services than anyone else, and know where potential improvements and cost savings can be realised. Their commitment has led them to continually submit ideas relating to all aspects of everyday business operation. Moreover, an idea contest is held each year featuring a specific motto. The motto of the 2009 competition was "Together for even more sustainability". A total of 33 ideas were submitted, and two outstanding ideas were given awards, i.e. the remote control of transformer stations in the case of power failures, and an assembly kit for safer and simpler cable assembly.

EVN News

Motivated and highly skilled employees are a major

Careers with apprenticeships

Qualified trainees. The training of young people has a long tradition at EVN. On the one hand, apprenticeship training is designed to cover the future need for qualified specialists from within the company's own ranks. On the other hand, it is also an expression of EVN's sense of responsibility to society. On September 1, 2010, seven apprentices were able to commence training as electrical fitters at EVN. As a result, 64 young people on average were undergoing vocational training at EVN. The theoretical education at a vocational school and practical work in the company are supplemented by seminars. Moreover, EVN also promotes employees who obtain multiple qualifications, such as gas and heat engineer apprenticeships. Following the end of their training, experienced fellow employees support the young technicians and ensure that their know-how remains in the company's hands.



Time for reflection

Employee motivation. The objective of the new feedback and orientation interviews is to have employees consciously reflect upon their own performance and cooperation. The aim of the newly-launched system is not a simple evaluation by superiors. In addition to assessing the conduct of employees and the quality of their work, the priority is to mutually agree upon specific development objectives and measures. The meetings are held with the employees' direct superiors who are given special training for this purpose. Following a pilot phase, the feedback sessions have been held since February 2010 in all of the larger Group companies in Austria. Staff appraisals are also regularly held in Bulgaria. These talks have been positively received by employees.



Search for talent

Starting a career at EVN. Luring young talents to work for EVN is one of the most important tasks of human resource management. For this reason, more than 200 pupils and students in Austria are offered internships at EVN each year. EVN placed fourth in the “place to perform” competition which annually ranks the best internships and practical training provided by Austrian companies. EVN also offers students in Bulgaria and Macedonia the possibility to gain practical experience within the context of internships and trainee programmes.

asset in times of change. EVN is working to make the most of it.



Career and family

Flexible working models. In particular, EVN strives to facilitate the compatibility of career and family for employees with children, for example on the basis of flexible working time models (flexitime without core working time), individual part-time models and maintaining contact with employees while they are on parental leave. Informal meetings of mothers and fathers with human resources managers take place on a regular basis, not only to discuss the re-entry into the job market after the period of parental leave, but to provide information about the most recent developments at the company. Thanks to individually designed solutions, the company retains the know-how of its qualified employees. The majority of mothers and fathers return to the company after their parental leave is over. An increasing number of men are taking paternity leave. During the year under review, three men stayed at home with their children.

Short & good

■ **EVN Service Star for employees.** High quality standards and satisfied customers are particularly important to EVN. Accordingly, employees were awarded the EVN Service Star in 2009 for the first time. This honor was bestowed on those employees who performed so extraordinarily well in taking care of their customers that they even received written letters of praise from them. The EVN Service Star was given directly to the respective employees by the satisfied customers.

■ **Stay healthy and be in balance.** In order to maintain an inner balance in a frequently stressful working environment, employees should not neglect their health. For this reason, EVN relies



on various initiatives within the context of its occupational health efforts. The EVN Academy launched seminars on the topic of burnout prevention in the fall of 2010.

■ **Proud and motivated.** The results of an employee satisfaction survey at EVN Macedonia carried out by the market research company were extremely gratifying. More than 80% of employees were proud of being able to work for EVN. In particular, they praised the top executives in the company as well as the good teamwork. The survey was the first carried out by EVN in Macedonia. 86% of all employees participated, thus making a valuable contribution to the ongoing improvement of EVN's business operations.

Electricity and gas, safely and securely!

The new "Südschiene" (southern section of the regional natural gas transport pipeline) featuring a length of 120 kilometres will enable EVN to ensure a secure supply of gas in Lower Austria and beyond the province's borders. It's the biggest gas pipeline project in the company's history!



One of EVN's most important tasks is to ensure a secure, reliable and uninterrupted supply of electricity and gas for its customers. Ongoing investments in infrastructure modernization, excellent know-how and a high level of efficiency are essential to achieve this target.

The example of the "Südschiene" project shows the other positive effects which can be generated in addition to increasing the reliability of the energy supply. The local economy is supported and archaeological finds discovered while construction is proceeding enrich Lower Austria's cultural history. Moreover, numerous supporting measures implemented by EVN are designed to minimize man's interference with nature.

The "Südschiene" project. In order to be able to continue ensuring a secure supply of gas in the southern part

of Lower Austria as well, EVN Netz GmbH is currently in the process of constructing "Südschiene FL Süd3" i.e. the southern section of the trans-regional high-pressure natural gas pipeline. At a length of 120 kilometres, the pipeline runs from Gänserndorf via Velm, Eggendorf and Peisching/Hohe Wand to the Semmering mountain pass. Peter Layr, Member of EVN's Management Board, emphasizes the importance of this project: "The "Südschiene" makes a major contribution to increasing the security of the energy supply of Lower Austria and far beyond the province's borders". The ground-breaking ceremony in September 2009 marked the official inauguration of work on the largest gas pipeline project in EVN's history, involving investment costs of about EUR 114m. The southern section of the trans-regional pipeline ("Südschiene") is expected to be completed by the end of September 2011. Some 90 people are working to finish the >



Some 90 people are working at full speed. In this way, the gas pipeline will be finished earlier than originally planned.

project on time, and they have been very successful in the meantime. Peter Layr adds, "We assume that the final section of the pipeline comprising a length of about 30 kilometres to the Semmering will be completed and come on stream markedly ahead of the contractually stipulated deadline". Due to the fact that EVN also attaches considerable importance to environmental protection and nature conservation in carrying out this project, an ecological construction supervision team has been overseeing work on the "Südschiene" project from its very inception. Fascinating archaeological finds have also been uncovered in the course of the construction work, and have been preserved for the purpose of safeguarding the area's cultural treasures.

Secure energy supply. Even now, preliminary work is being done on a new project focusing on a long distance natural gas pipeline, which is expected to begin at the beginning of 2011. The western pipeline project at a length of 150 kilometres, entitled "Westeschiene FL West4", will run from Auersthal to Tulln and Loosdorf and on to Amstetten. Construction is expected to be completed in 2014. Total investment costs will amount to about EUR 125m. The new pipeline will be laid parallel to the existing West2 pipeline over long distances, in order to further enhance the security of the energy supply in the western part of Lower Austria. The basis for carrying

out both the "Westeschiene" and "Südschiene" projects was the long-term planning for the Regulation Zone East (Austria except for Tyrol and Vorarlberg) approved by the regulatory authority E-Control for the period 2008-2012 in the light of future perspectives for the gas year 2030. Without construction of two new natural gas pipelines, it would not be possible to guarantee a secure, long-term supply for all the power plants, large-scale users and households in the region.

Expansion of storage facilities. The company Rohöl-Aufsuchungs AG, in short RAG, in which EVN indirectly has a majority stake of 50.03%, makes a substantial contribution to ensuring that Lower Austria as well as the entire country continues to benefit from a secure supply of gas. In addition to the exploration and production of natural gas and oil, RAG has been operating the natural gas storage facility in Puchkirchen, Upper Austria since 1982, and has been able to accumulate valuable know-how since then. RAG now ranks among Europe's leading gas storage operators, following the coming on stream of the natural gas storage facility in Haidach, Salzburg, one of the biggest in Europe, as well as the "7Fields" project. Further investments are planned. Furthermore, the storage reservoirs in Haidach and Puchkirchen will be expanded by 2017. Upon completion, RAG will boast total storage capacities of about 6 bn m³.



The 120 km long southern section ("Südschiene") is the largest gas pipeline project in the company's history.

EVN preserves cultural assets

■ **Archaeological finds.** During construction work on the southern section of the gas pipeline, a total of 35 archaeological finds were uncovered. EVN already established contact with the State Office of

Historical Monuments in order to ensure that excavation work proceeded smoothly. 100 items (e.g. fire pots, postholes, animal and human graves) from the Bronze Age, Iron Age and the

Roman period were uncovered and salvaged. "The most significant find was a Lombardic inhumation with a shield and sword as burial objects", according to EVN Press Spokesman Stefan Zach.

EconGas, a joint venture of the EnergieAllianz Austria partners operating in the natural gas business as well as EGBV Beteiligung GmbH and OMV, handles the entire gas procurement and trading activities of EVN. The aim is to conclude long-term gas delivery contracts (extended beyond the year 2020) to ensure the long-term availability of primary energy sources. The dependence on just a few supplier countries, in particular Russia, entails risks as the experience of recent years has clearly demonstrated. There was even a short stoppage of gas deliveries by Russia at the beginning of 2009. However, at no time whatsoever was there a real threat to EVN's own supplies.

Investments in the existing network. Maintaining the existing network is a basic prerequisite for a high security of supply. Robert Essbüchl, Managing Director of EVN Netz GmbH, says: "The quality of the network infrastructure is an important guarantee safeguarding the security of the energy supply on behalf of our customers. The pre-requisite is ongoing investments in modernizing, upgrading and expanding existing facilities." At present, EVN operates a 51,205 km long electricity network, a gas network with a length of 13,540 km and a 434 km heating network. During the year under review, EVN invested a total of EUR 156.5m to maintain, repair, renovate and expand Austria's electricity, gas and telecommunications networks. This includes EUR 51.2m for the "Südschiene" gas network project.

Development of network tariffs. EVN implements a long-term procurement strategy and purchases primary energy and electricity on the forwards market in order to ensure a high security of supply. However, the gas and electricity

networks were subject to a market liberalization process in the years 2002 and 2003 respectively. This means other energy providers must be provided with access to these networks. Prices are determined by E-Control. In the past six years, electricity network tariffs have been reduced by about 40% in order to promote the spirit of competition as well as to promote the efficiency of network operations. The calculation of tariffs was changed in 2010 in the spirit of increasing planning and investment reliability. The network regulatory authority now also takes the costs for new investments into account, but only initially for a period of four years. Nevertheless, the prospect of a longer planning horizon is a necessary basis for ensuring continuing, forward-looking investments.

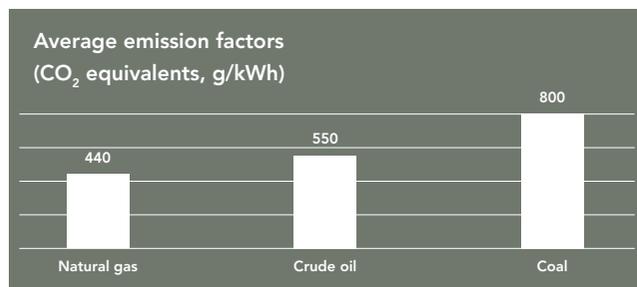
Increasing production capacities. EVN is investing in the expansion of its own power generating capacities in order to reduce its dependence on buying electricity on the global marketplace. The Group-wide coverage ratio should be increased from 40% to 60% of total electricity sales volumes in the medium term. The current level in the 2009/10 financial year including Bulgaria and Macedonia amounted to 18.2%, or 52.1% for Lower Austria alone. In expanding its power generation capacities, EVN aims to ensure a balanced ratio of energy generated by carbon based energy sources (natural gas, hard coal) to renewable energy carriers (hydropower, photovoltaics, wind power and biomass). This flexible production mix will comprise the basis for a sustainable supply of electricity to Lower Austria.

Critical area of tension: climate protection. In the future orientation of its power generation capacities, EVN is striving to achieve a well-rounded portfolio balancing the different primary energy sources. Moreover, it is moving ahead very sensitively to ensure the right balance between reducing climate-relevant greenhouse gas emissions, interfering with nature and ensuring a secure supply of energy. The long-term target is to raise the share of power generated from renewable energy sources from the present level of 30–35% of total production to 50% in the future. (For details on current projects refer to pages 37 and 42–45.)

Secure future. Customers rank the high security of supply and the quick troubleshooting ability to remedy problems as key strengths of EVN. To ensure that this continues in the future, EVN continues to invest in its network infrastructure and production facilities for the benefit of its 3.6m customers in Austria, Bulgaria and Macedonia.

What are the advantages of natural gas?

■ **Good for the environment.** Natural gas is universally usable (e.g. for heating, cooking and driving cars) and is the most environmentally-friendly of all fossil energy sources.



EVN News

Ensuring supply reliability for all customers

EVN electricity network 131,905 km

Thereof Austria	51,205 km
Thereof Bulgaria	55,500 km
Thereof Macedonia	25,200 km

Gas network (Austria) 13,540 km

Heat 586 km

Thereof Austria	434 km
Thereof Bulgaria	152 km

Drinking water pipelines (Austria) 2,110 km

Spanning the globe four times

EVN networks. All in all, EVN operates a network with a length of close to 148,000 km for the electricity, gas, heating and water supply of its customers. The ongoing inspection and maintenance of this dense network requires ongoing investments so as not to endanger the security of supply. EVN fulfills its responsibility with meticulousness and farsightedness.

Improved network infrastructure

About EUR 489m for Bulgaria and Macedonia. Since the privatisation process of 2005 and 2006 respectively in the two countries, EVN Bulgaria and EVN Macedonia have invested massively to improve and expand the electricity networks and facilities located in EVN's supply areas. As a result, it more than fulfilled the conditions laid out in the privatisation process. More than 1.6m electricity metres were replaced in recent years, and losses from the power grid could be reduced from 17% to about 13%. Similarly, network losses in Macedonia were cut from 24% to about 17%.



Major inspection and maintenance work at Theiß

Highly productive and environmentally-friendly. With an installed output of 790 MW, Theiß is one of EVN's most productive power plants. At the same time, it is one of the most modern thermal power stations in Europe. In order to ensure its continuing high performance and maintain its high environmental standards, a major inspection and maintenance work of the facilities was carried out in the third quarter of 2010. In addition to comprehensive materials testing and examination of the security and control equipment for all parts of the power plant, the turbine insulation was disassembled to allow the steam turbine to be opened and the turbine components to be cleaned or replaced. Up to 100 specialists carried out this work over a period of eight weeks, thus ensuring an added value for the entire region. Since January 2008, Theiß has also been home to Europe's largest district heating storage facility. With a holding capacity of 50,000 m³ of water, it utilises the heat generated by electricity production to provide heat to surrounding municipalities in an energy-efficient manner.



requires numerous measures and investments.



Working against power failures!

Infrastructure. EVN invested a total of EUR 394m during the year under review to modernise, upgrade and expand its infrastructure as well as in its power generation facilities to improve the security of supply. EVN is also working to further improve network quality in Bulgaria and Macedonia, in order to reduce losses from the power grid to just under 10% in Bulgaria and about 11% in Macedonia in the long term.

State-of-the-art power plant technology

Duisburg-Walsum. In addition to expanding its reliance on renewable energy sources, EVN is also focusing its efforts on new thermal power plants to ensure a sufficient supply of electricity. This is the only way to fulfill increasing energy demand on a medium-term basis. A milestone is the hard coal power plant in Duisburg-Walsum, Germany, which is being constructed in cooperation with Evonik Steag GmbH. EVN has a 49% stake in this project. The total investment volume for the 790 MW power station is about EUR 820m. It features an efficiency level of about 46%, making it one of the most modern hard coal-fired power stations in Europe. Its CO₂ emissions will be about 35% lower than an average hard coal-fired power station. However, due to construction delays, the Duisburg-Walsum plant will likely first commence operations in the middle of 2011.



Short & good

■ 50th biomass heating plant.

The ceremonial opening of the one of the largest municipal wood chip-fired district heating plants took place on September 10, 2010. The facility will provide a total of 4,500 households in the Climate Alliance municipalities of Ternitz, Neunkirchen and Wimpassing with natural heat. The use of 75,000 loose cubic metres of wood chips from the region will reduce CO₂ emissions by about 14,000t per year. EVN currently operates 50 biomass facilities throughout Lower Austria and is thus the biggest provider of natural heat in Austria.



■ What do you do in case of a power failure? In case of an interruption in the power supply, you should have candles and matches or a flashlight available in a place you can find in the dark. Despite extensive precautionary measures, power cuts cannot be fully avoided, but occur relatively infrequently in Austria. For the most part, they are the result of extreme weather conditions. In case of emergency, EVN's troubleshooting team is quickly on the spot to provide assistance.

The General Assembly of the United Nations declared 2010 to be the International Year of Biodiversity. EVN is also committed to maintaining biodiversity. The two power plant sites in Theiß and Zwentendorf are good examples of EVN's successful efforts to protect plant and animal species as well as their natural habitats.



Healthy ecosystem surrounding the Dürnrohr facility.

According to the "Red List" published by the International Union for Conservation of Nature (IUCN), close to one quarter of all mammals, a third of amphibians and more than every eighth bird species are threatened with extinction. Many plant species are also in danger of disappearing forever. This trend has far-reaching consequences on our ecological as well as on our economic system. The extinction of species not only endangers the natural regulation of the climate and the water balance, but also hampers efforts to ensure a sufficient supply of (new) drugs and food (with respect to cultivating different varieties) in the future. The rich biodiversity of life is also very important for the field of biotechnology. All in all, biodiversity and a healthy ecosystem comprise the basis for the economic and social well-being of future generations and accordingly represent a valuable asset which must be sustainably preserved and protected.

Year of Biodiversity. For this reason, considerable importance must be attached to preserving the diversity of animal and plant species, their genetic basis and different natural habitats. The International Year of Biodiversity 2010 is designed to raise awareness of this urgent problem. The global community discussed potential measures to be taken to stop the continuing destruction of nature at a conference held in Nagoya, Japan from October 18–29, 2010.

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Diversity of life



The animal kingdom and flora at the Dürnrohr plant is unexpectedly multifaceted. 389 different species have been identified.

Sheep in landscape conservation

■ **Ecological.** Sheep are well-suited for use in the field of landscape preservation. The traditional native breeds of sheep such as the Bentheim land sheep are considered to be particularly suitable. Due to their low body



weight, no damage is done to the turf. That is why sheep are said to have "golden hooves". Sheep continually move about on the pastures and thus evenly solidify the turf. The pastures remain in their original state.

At the same time, sheep feces are evenly distributed, and thus the entire area is fertilized. There is no need to spread any more fertilizer. Moreover, the piles of sheep manure comprise a valuable addition to the animal

kingdom. Numerous dung-eating insects such as dor and dung beetles as well as dung flies depend on the excrements of grazing animals. In turn, these insects are sources of food for birds and other

vertebrates. The use of modern mowing equipment which kills numerous animals can be prevented. Insects (e.g. ants) are thus spared from certain death. And they are also food for other animal species.



What is biodiversity?

Biodiversity represents the diversity of life itself, and comprises the following three aspects:

- Diversity of the ecosystem (living spaces such as water, forests, Alpine region)
- Diversity of species (animals, plants, fungi, microorganisms)
- Diversity of genes (species or types of wildlife and useful animals)

The objective of the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity is to define specific measures and targets in order to slow down the loss of biodiversity. At the Convention on Biological Diversity in 1992, more than 180 countries signed the international agreement to stem the loss of biodiversity. Austria is also committed to maintaining biological diversity.

EVN protects animals and living space.

EVN also makes an important contribution to preserving biodiversity in its sphere of action. Responsible project planning not only involves carrying out a pro-active dialogue with various interest groups, but also taking ecological aspects of the project into account above and beyond the legally stipulated environmental impact assessment. In each project, EVN strives to interfere with nature as little as possible, and protect the animals and plants living in the surrounding areas. Additional initiatives were launched at the Theiß and Dürnrrohr power plants.

Sheep maintain green areas in Theiß.

65 sheep graze on the power plant grounds comprising an area of five hectares. The idea of using sheep for grassland care was conceived three years ago by Mr. Fries, an EVN employee in Theiß. Within the context of an internal EVN idea contest, people looked for ways to “conserve natural resources in the company”. Mr. Fries and his wife, who run an organic farm, saw the future potential in sheep grazing. And the realization of this idea proved that he was right. It not only cuts the costs of grassland care by about 50%, but also reduces the waste gas emissions caused by lawn mowers. None of the sheep can get lost due to the fact that the entire grounds are fenced in. A fence has also been put up around smaller pastures ranging in size from 500 m² to 1.5 hectares in order to enable targeted grazing. The flocks of sheep owned by the organic farmer Irene Fries represent a very special breed,

namely the Bentheim land sheep, an old and endangered farm animal. The flock of sheep in the possession of the Fries family is the only one of its kind in all of Austria. In 2011, the number of animal grazing on the green areas surrounding the power plant will be increased by 90. The farm is a recognized organic farm and a member of the “BIO AUSTRIA” association. As a result, the pastures will be considered biologically recognized grassland starting in the beginning of 2011, a special distinction for a power plant site.

Biodiversity in Zwentendorf/Dürnrrohr.

The animal and plant species in the area surrounding the Zwentendorf/Dürnrrohr power station have proven to be unexpectedly diverse. “The grounds are a sanctuary for animals and plants which are now a rarity in this region”, according to the ecologist Alexander Mrkvicka, commenting on the naturally green areas near the coal-fired power plant. All in all, the area is teeming with 389 species of animals and plants, 35 of which are on Lower Austria’s own “Red List”, and four of which are endangered throughout Europe. This was the conclusion of a habitat study contracted by EVN. A research team consisting of botanists and zoologists observed the variety of species for a period of one year. Amongst other species, one can find kestrels, rabbits, hedgehogs, toads, mountain flax, willow thorn and purple moor grass here. This rich diversity is protected by a double fence which completely encloses the site encompassing 115 hectares. The absence of traffic, hikers and dogs is a key factor ensuring the protection of this habitat from harmful and dangerous emissions. A further important aspect is that the area is not used for agricultural purposes and is thus largely untouched. “The natural environment can develop spontaneously, without having to be mowed five times a year”, Mrkvicka says. The kestrels are very practical to have around for the power station, as they limit the growth of the local pigeon population. Otherwise the sensitive aluminum components would be defenseless against pigeon manure.

EVN News

Safeguard biodiversity together. The best projects.

Saving a species threatened with extinction

Protecting wild birds in Austria. EVN is developing measures to protect this endangered bird in cooperation with the Austrian Society for the Protection of the Great Bustard. Within its own field of work, EVN contributed to this project by replacing 31 kilometres of medium-voltage overhead lines with underground cables in the western "Weinviertel" region of Austria, thus creating areas where the birds could fly freely without being disturbed by power lines. To ensure greater visibility, bird warning markers were put on about 22 km of 110 kV overhead lines. And the project has been a success: the population of great bustards in Austria and in the entire West Pannonian region has grown considerably in recent years.



Nest platforms for storks

Safe place for storks. EVN took precautionary measures to protect stork nests on overhead line masts in both Macedonia and Bulgaria. Metal platforms were mounted onto the masts as a safe haven for the nests. In this way, the birds are no longer in imminent danger, due to the fact that contact with the overhead power lines is avoided. This approach protects the birds against electric shocks and also ensures fewer power failures for end customers. Storks colliding with masts have been known to cause power outages. Together with local nature preservation associations, more than 800 protective insulations and some 650 platforms have been put up.



Short & good

■ **Hedgehog clinic at the atomic power station.** The grounds of the atomic power station in Zwentendorf, which was never put into operation, are being used for yet another purpose. A "clinic" for sick and injured hedgehogs is being set up on the 24 hectare property. The specially designed boxes will provide food and water to the animals.

■ **Ecological approach to construction.** EVN boasts ecological and technological showcase projects in revitalizing its small hydropower plants. The projects are implemented in strict accordance with ecological aspects. For example, the Zwettl and Schütt power stations were equipped with modern organism migration facilities. In modernizing eleven small hydropower plants, EVN also implemented measures in Macedonia such as building filter stations and specially designed foundations to protect flora and fauna in and around the bodies of water.



Golden eagles and gyrfalcons

Bird protection in Bulgaria. Overhead power lines pose a threat to flying birds. EVN and the Bulgarian Society for the Protection of Birds are working together to implement measures designed to protect rare bird species within the framework of the EU programme LIFE+. In order to protect the nests of golden eagles in the Natura 2000 sites, a total of 393 overhead line masts will be insulated by the year 2013. Overhead line masts within a radius of one kilometre are also being insulated in the Burgas Lakes region, where more than 300 species of birds live. Bird warning markers have also been hung on overhead power lines. In this way, the habitat of the Dalmatian pelican, pygmy cormorants, bitterns and other bird species is being preserved.



EVN Powerteam 2010

36 five-person teams from 33 Lower Austrian municipalities fought to win the "EVN Powerteam 2010" championship. St. Peter in der Au emerged victorious from the finals held on November 5, 2010.



The exciting finals match resulted in a victory for the St. Peter in der Au team.

All Lower Austrian municipalities were given the opportunity to field teams in the period July to October 2010 to fight for the “EVN Powerteam 2010” championship title in a competition organized by EVN. Five members consisting of representatives from the municipality, business, gastronomy, fire department and youth formed a “power team” which had to solve tasks on the basis of skill, creativity and team spirit, and be awarded as many points as possible. On balance, a total of 36 teams competed for the title. The best eight municipalities all hoped to emerge victorious in the finals held at the EVN Forum in Maria Enzersdorf on November 5, 2010. >



After seven preliminary rounds, including a cart race, eight municipalities qualified for the finals at the EVN Forum.

EVN energy consulting

■ Use energy carefully.

EVN is the competent and central point of contact, which has been providing a broad service and information offering to households and commercial customers for many years.

EVN's energy consultants offer their customers practical tips with respect to the efficient use of energy as well as a comprehensive range of energy services. EVN also consults on the use of new technologies such as photovoltaic facilities or heat

pumps as the heating system of the future. You can reach EVN's team of experts from Monday to Friday, 8:00 a.m. to 5:00 p.m. at no charge (in Austria) by calling the service hotline 0800 800 333 or by writing to energieberatung@evn.at.

Powerteam on Facebook

■ **Web 2.0.** Facebook was used as a communications platform for the EVN Powerteam 2010 competition. A separate EVN Powerteam Face-

book page invited fans to participate, posted tasks to be solved and published up to date rankings. It was important to motivate fans,

due to the fact that the number of fans was counted twice during the competition enabling teams to win important additional points.

Seven preliminary rounds. The participating teams were given seven tasks to achieve, which could partly be solved on the Web and partly in the real world. The people involved had to be "street smart", demonstrating their savvy and energy, whether in a cart challenge, creating an EVN logo or doing the EVN Energy Mobility Quiz. After an extremely exciting competition, the eight municipalities of Großschönau, Moorbach Harbach, Raabs an der Thaya, Rosenberg-Mold, Sieghartskirchen, St. Peter in der Au, St. Valentin and Viehdorf reached the finals.

Grand finale. A total of eight exciting and challenging rounds faced the participants at the finals held at the EVN Forum in Maria Enzersdorf on November 5, 2010 before the winning municipality was determined. Driven by the loud cheering of the enthusiastic fans, the eight teams had to hammer nails into tree trunks, guess objects despite being blindfolded, demonstrate their athletic prowess on an

ergometer and build a closed electric system. The teams displayed an enormous dedication and effort. The top favorite from the preliminary online rounds, the municipality of Rosenberg-Mold, just barely missed advancing to the final round. The grand finale between Großschönau and St. Peter in der Au ended in a victory for St. Peter in der Au.

EVN Powerteam 2010. The winning municipality in addition to the winner's trophy, St. Peter in der Au was given a gift certificate for EUR 5,000 to purchase electric and natural gas driven vehicles, and an energy certificate worth EUR 1,000 for the five team members. However, the second and third place teams did not go away empty-handed, and were given gift certificates (solar energy potential assessment, weekend with a Tesla Roadster electric sports car).

On balance, Lower Austria's biggest municipal games were a major success! _____



One of the challenges was to present the EVN logo in the most creative manner possible.

An overview of EVN's consulting services

■ **Energy consulting for households**
Energy consulting hotline/Free initial energy consulting/Building and energy technology consulting/Heat pumps/Consulting on sensible possibilities for heating and hot water generation/Calculation of energy

performance/Air tightness measurements/Building thermography

■ **Energy consulting for commercial/industrial customers**
Business energy check/Energy monitoring/Calculation of energy performance/Plant and building thermography

■ **Energy consulting for municipalities**
Municipal energy check/Calculation of energy performance/Building thermography



Knowledge creates awareness

Children draw ideas. In Bulgaria, children and youth as well as the improvement of their life situation are the focal points of EVN's social involvement. In addition to the targeted support for kindergartens and children's homes, the understanding of children for the need to consciously and safely use energy was promoted within the framework of the school project entitled "Energy Efficiency". For example, children attending the primary school Hristo Botev in Plovdiv illustrated their ideas by making drawings.

EVN News

EVN takes its responsibility to society seriously –

Energy savings begin in the kindergarten

The project "Energiebündel Joulius". EVN also wants to make the youngest among us aware of the need to save energy. In the fall of 2007, the kindergarten project "Energy Bundle Joulius" was already initiated. The second upgrading of the EVN "activities box" took place in the fall of 2010, featuring illustrative materials on the issue of saving energy. All 960 kindergartens participating in the project receive a Joulius hand puppet, posters on saving energy as well as background information and game instructions, all designed to playfully teach children how to carefully use energy in their everyday lives.



Children get to know business

Children's Business Week 2010. Children aged 8 to 14 had the opportunity to get to know about 100 companies in different lines of business during the Children's Business Week 2010. EVN CEO Burkhard Hofer explained to children and young people how a person could become an expert in saving energy. Afterwards, they took part in an idea workshop, displaying great interest in focusing on various energy issues and holding lively discussions.



Energy quiz

School project in Macedonia. EVN Macedonia organised an energy quiz for pupils for the fourth time. In workshops held during the school year, the children learn valuable information about the topic of energy. At the end of the school year, the pupils can demonstrate what they have learned. The winning class is invited to take a tour of one of EVN's hydropower plants.

Short & good

■ **EVN Social Fund – Euro 100,000 for selected projects.** EVN established a Social Fund to bundle its social sponsoring activities and make them more transparent. The focus of the fund with an annual endowment of EUR 100,000 is the sustained support provided to youth institutions in Lower Austria. Several projects were supported in 2009/10, three of which will be briefly described below.

■ **möwe Child Protection Centres.** One of the most important responsibilities of the möwe Child Protection Centres is the prevention of violence, in particular the sexual abuse of children and young people. EVN supports prevention projects in selected classes of Lower Austrian schools, in which pupils develop measures for their own protection against sexual abuse.

a targeted commitment to serve the weak!

TRIGOS prize for Stolipinovo

Award-winning social commitment. EVN mastered the challenges involving in introducing European standards for supplying electricity to the Bulgarian Roma settlement of Stolipinovo. The sensitive, consensus-oriented approach is now considered an outstanding international example for successful stakeholder dialogue, and was awarded the TRIGOS Prize. The infrastructure was modernized, energy consumption reduced and payment behaviour improved by carrying out talks with the local population and working in close cooperation with local NGOs. 187 kilometres of the electricity network were modernized, 17 transformer stations were refitted and 6,400 electricity metres were installed. At the same time, the payment rate of customers rose from 3% to 85%.



■ **Caritas repair shop.** The charity organisation Caritas looks after of about 190 people with learning or mental disabilities. EVN provided support to help construct a new repair shop for the organisation's vehicles, where the people being taken care of are prepared for their integration into the labour market.

■ **Grief counseling.** Children and young people whose naturalness suddenly ended due to experiencing a major loss such as the death of a loved one require a helping hand and comforting assistance. The Caritas project "Children Grieve Differently – The Schwechat Initiative" serves as a contact point and meeting place for affected people, and aims to raise public awareness for the taboo topic of grieving and grief counseling.



Clear water for Istanbul

Change for the benefit of people. The quality of life is improving in the Turkish metropolis of Istanbul thanks to the large wastewater purification plant in Ataköy constructed by EVN.

Environmental Services business of EVN

■ **Business segment with a future.** A high level of environmental compatibility and sustainable behavior are the clearly defined targets of EVN. The company has been building up its Environmental

Services segment since the 1990s. Generally speaking, it covers the drinking water, wastewater and waste incineration activities of the EVN Group. Franz Mittermayer, Head of EVN's Environmental Services segment, says: "Clean

drinking water and the treatment of wastewater and waste comprise some of people's most elementary needs. EVN has been able to position itself in recent years as a competent partner in this



responsible environmental business". Numerous projects implemented throughout Europe (including drinking water purification and waste incineration plants) contribute to improving air and water quality. In turn, this results in

a sustainable improvement in the quality of life for EVN customers. "Our commitment to environmental protection ensures both a modern infrastructure as well as the development of a modern society", Mittermayer adds.



Laboratory employees in Turkey's largest wastewater treatment plant

Istanbul ranks among the biggest cities in the world. The problem of providing a sufficient supply of drinking water and disposing of wastewater is becoming increasingly acute thanks to the ongoing increase in the city's population. Moreover, there is a shortage of water in Istanbul, not least due to the extremely polluted wastewater. EVN's large Ataköy wastewater purification plant is fighting to deal with this problem, with the help of state-of-the-art technologies, even making the energy-independent operation of the facility possible. "We have to understand that water is a limited resource!" was the urgent appeal of the Turkish President Abdullah Gül at the 5th World Water Forum held in Istanbul from March 16–22, 2009. Ensuring a sufficient supply of drinking water was the focal point of the conference, which attracted prominent representatives from more than 100 countries.

Water cannot be taken for granted. The concern voiced by the Turkish head of state is understandable. For decades Istanbul has been struggling with massive problems in providing water to city residents. Istanbul's population has been steadily rising. At present, some 13 million people live in the Turkish metropolis, which means extensive contamination of wastewater and a shortage of drinking water. It is true that the source and headwaters of the Euphrates and Tigris, the two most water-rich rivers in the Middle East, are both located in Turkey. However, the wasteful use and false management of the available water have made it a resource in short supply. An unusually low level of precipitation in recent years have further aggravated the water shortage.

Clean water. The increasing pollution, for example due to the numerous waste disposal sites, has had a negative effect on the quality of the groundwater. Moreover, due to its proximity to the sea, salt water is contaminating the groundwater. In addition, the water table in Istanbul has sunk to a dangerously low level in the past few years. For this reason, rainwater and river water are being used by the water treatment plants. However, the rivers and the seas in and around Istanbul are heavily polluted. Untreated wastewater continues to flow into the Sea >

WTE – Water. Technology. Energy.

■ WTE is a 100% subsidiary of EVN and is a full service provider offering the planning, construction of operation of water supply and wastewater disposal facilities. If required, WTE will also assume

responsibility for financing and operating such plants within the context of the BOOT model (“Build. Own. Operate. Transfer.”). The application of state-of-the-art technologies and crea-

tive services enables WTE to offer optimal solutions with respect to energy consumption, use of resources and investment costs. Via WTE, EVN has branch offices and project companies

of Marmara and in the Bosphorus. Even if these volumes have decreased in recent years, the water quality in both areas continues to deteriorate, as a 2008 OECD report confirmed.

Assistance thanks to a large modern purification plant. Within the framework of an international tender, the City of Istanbul awarded a contract in the year 2007 to build a modern wastewater purification facility in order to solve the massive problem posed by drinking water and wastewater disposal requirements. The EVN subsidiary WTE (information above) won the tender to build, construct, finance and operate the Ataköy wastewater treatment plant. Together with the two Turkish construction firms Lidya and Kaylon (WTE served as head of the consortium), a turn-key large-scale waste-

water purification plant was completed in only two years and is now responsible for dealing with the wastewater of about two million inhabitants of Istanbul. This corresponds to an average wastewater volume of 500,000 m³ per day. Thus Ataköy is already the largest wastewater treatment facility in Turkey. The total investment volume in the project amounted to EUR 108.5m.

Extensive public interest. The new facility commenced operations in June 2010. There was enormous political and media interest in the project from its very inception. In addition to the Kadir Topbas, the Mayor of Istanbul and numerous representatives of the media, the Turkish Prime Minister Recep Tayyip Erdogan was also present to attend the ceremonial opening of the Ataköy facility.



The large-scale wastewater purification plant disposes of the wastewater produced by about 2 million inhabitants.

in 15 European countries. Some 600 employees including numerous top experts supply drinking water and purify the wastewater of more than 15 million European citizens, working

according to the motto, "Sustainable economic management for the purpose of protecting the environment, for the well-being of people, for the well-being of nature".

State-of-the-art-technology. It is not surprising that the opening of the plant was celebrated as a major event. The Ataköy facility is making an important contribution to effectively dealing with Istanbul's wastewater problem. "Ataköy is the key to preventing further pollution of the Mediterranean", said an impressed Mayor Topbas during a tour of the facility. The wastewater from several districts of Istanbul is finally being subject to a "thorough cleansing", as Mayor Topbas added. Modern technology is the prerequisite to achieve this. Ataköy is an international showcase project for EVN, a convincing example from top to bottom, as project manager Dirk Joormann from EVN proudly emphasized. "The Ataköy plant ranks very high in an international comparison with plants from other megacities. In particular, the controls and instruments, pumps and drive systems are state-of-the-art". The Ataköy facility automatically and for the most part biologically cleans the polluted water. To be more specific, the biological cleaning process is initiated after wastewater is pumped into the mechanical pre-cleaning plant, and freed of sand, stones, paper and other large items. At this point the facility imitates the natural self-cleaning process of bodies of water, and the organic compounds contained in the wastewater are subject to decomposition. Microorganisms supplied with enough oxygen subsequently decompose the organic substances of phosphorus and nitrogen in the wastewater. Biogas is generated in a conversion process. The sludge is separated from the wastewater in secondary sedimentation tanks, and is then transported to the six digester towers by pumps. Carbon is also decomposed in order to improve the quality of the air.

Biogas is turned into electricity. The decisive arguments in choosing EVN as the winner of the international tender were the energy efficiency and the low amount of energy required to operate the technologically advanced facility, which can mostly cover its energy needs by utilizing the biogas generated in the process. How does this work? The sludge is decomposed by bacteria in the digester towers, in which case biogas escapes. Turbines



State-of-the-art technology is being used in Ataköy.

serve as the basis for the biogas to produce energy used in generating electricity and heat. Thus the energy supply of the wastewater treatment installation can be fully covered by a cogeneration (combined cycle heat and power) plant, which is operated by the generated biogas together with natural gas. In order to avoid odor emissions, the exhaust gas is treated with ozone. The heat from the cogeneration plant is also used for the further thermal drying of sludge.

EVN positioned on the Turkish market.

EVN is responsible for operating the Ataköy facility until the year 2015. Afterwards the wastewater purification plant will be transferred into the hands of the Istanbul Water and Wastewater Association, the contracting entity for the project. EVN has already completed 82 drinking water and wastewater treatment plants, and has been particularly successful in Eastern Europe, in addition to Austria, Slovenia and Croatia. Ataköy is a successful step on the part of EVN in the promising Turkish environmental market, which has gained added impetus as the result of Turkey's negotiations for EU membership. In the upcoming years Turkey plans to invest several billion euros in wastewater treatment in order to put an end to the drinking water shortage in the country.

A step in the right direction. The Ataköy facility, Istanbul's largest wastewater purification plant, is already a step in the right direction. Each day 400,000 m³ of wastewater flows into the Sea of Marmara, but as purified wastewater. Thanks to Ataköy. _____

Selection of current WTE projects

- In 2010 several wastewater purification facilities were opened in Austria and abroad (for example in Tulln an der Donau in Austria or in Stettin, Poland).
- A wastewater treatment plant for the municipality of Budva on

- the Montenegrin Adriatic coast is in the planning phase.
- EVN was contracted to implement additional environmental projects on the island of Cyprus.
- EVN is further expanding its market position in Lithuania.

- The sludge treatment plant on the grounds of the Klaipeda sewage purification plant was completed, and EVN was awarded a contract to construct an additional facility in Siauliai.



Water as soft as spring water

Improved quality of life. For more than 15 years, EVN has been investing in the construction of new wells and connecting pipelines in order to further reduce the nitrate content and hardness of drinking water. A current example is the 12 km long transmission pipeline to the Municipality of Langau in the Horn district of Austria, including an elevated tank with a useful capacity of 2,000 m³. The results are making an important contribution to improving the population's quality of life. The water hardness could be reduced from about 31 °dH to about 13 °dH. Moreover, the contamination of pipelines with iron and manganese are a relic of the past. Under the motto, "Water as soft as spring water", EVN Wasser is working on further reducing water hardness. At present, a filtration facility is planned in Bisamberg which exclusively works on a physical basis to reduce nitrate content and hardness without using chemicals.

EVN News

EVN has positioned itself as an international partner



Protecting the environment is our business

Internationally successful. Clean drinking water and the treatment of wastewater and waste comprise some of people's most elementary needs. EVN has made a name for itself in this area as a competent point of contact, and has implemented customized total package solutions in the field of waste and water technology. With its subsidiaries EVN offers the worldwide planning, financing, construction and operation of thermal waste incineration facilities as well as water and wastewater purification plants. Numerous projects have already been carried out in 15 countries. Demand from Central and Eastern Europe has continually risen in recent years due to the region's enhanced environmental awareness and the need to catch up with respect to infrastructure investments.

Environmental Services segment: Key figures

Drinking water/wastewater

Drinking water in Austria

Customer	493,000
Thereof directly supplied	58,800
Pipeline lengths	2,110 km
Sales volumes	26.1m m ³

Wastewater treatment in Central, Eastern and South East Europe

90 drinking water/wastewater projects	
82 completed projects	
Thereof installed drinking water capacity in thousand	1,098 PE ¹⁾
Thereof installed wastewater projects capacity in thousand	12,664 PE ¹⁾

Thermal waste incineration

Austria

Facility in Zwentendorf/Dürnrohr	
Annual capacity	500,000 t

International

Facility in Moscow	
Annual capacity	360,000 t

1) Population equivalents: Industrial wastewater converted into household water

Meaningful use of waste

Waste incineration facility in Moscow. Since 2007 EVN has been operating the MSZ 3 waste incineration plant in Moscow. Some 360,000t of waste annually are subject to thermal treatment in according with ecological principles. This not only reduces the waste volumes at the waste disposal sites in the City of Moscow, but also improves the quality of the air. In December 2009, EVN was also awarded a contract to construct a second waste treatment



facility in Moscow. Within the context of a BOOT model, EVN is responsible for the financing, construction and operation of the installation for a period of 12 years after completion. The total investment volume amounts to EUR 575m. The facility will apply the latest technologies and boast a capacity of 700,000t per year, supplying several thousand households with electricity and district heat.

on all issues relating to clean drinking water and wastewater treatment.

Fresh water for Moscow

South-west Moscow drinking water facility.

One of the most important infrastructure projects of the City of Moscow is the modernisation of its drinking water facilities for the more than 10 million inhabitants. EVN is the first foreign company to actively participate in supplying drinking water to the people of Moscow. Their drinking water purification plant ranks among the most sophisticated in all of Europe, functioning according to an innovative multiple barrier system. Surface water from the Moskva River is treated to produce high quality drinking water in a five-phased process. The use of chlorine has been significantly reduced, which in turn results in a considerable improvement in taste. Each day one million people in Moscow are provided with drinking water. Storage facilities are designed to compensate for fluctuations.



Short & good

■ **EVN in Moscow.** The expansion and modernisation of the city's infrastructure is at the very top of the agenda of Moscow's city government. EVN has won eight major projects tenders for infrastructure projects. These contracts included two waste incineration facilities, one drinking water and two wastewater treatment plants.

■ **Combined cycle heat and power plant for Moscow.** After the combined cycle heat and power plant was opened at the beginning of 2009 on the grounds of the large-scale Kurjanovo wastewater treatment instal-



lation, EVN began construction during the year under review of another combined cycle heat and power plant together with a sludge drying facility at the site of the big Ljuberzy wastewater purification facility. The new plant will already commence operations in 2011.

■ Modern drinking water purification.

The official ground-breaking ceremony for the construction of a central facility for producing sodium hypochlorite took place in Moscow at the end of September 2009. In the future, 50,000 m³ of sodium hypochlorite will be produced annually by deploying state-of-the-art technologies in order to replace the harmful chlorine gas for drinking water purification. EVN considers this to be an important contribution to the sustainable supply of water on behalf of the inhabitants of Moscow.

The Wachau is e-mobile



EVN's e-mobility team: Ansgar Fosen, Gerald Rücker, Andrea Edelmann and Roman Lechner (l. to r.).

EVN launched an e-mobility project in the Wachau region in 2010. Effective immediately, everyone can comfortably bike through the UNESCO World Heritage Site in an ecologically compatible manner.

Do you want to pleasantly curve through one of Austria's prettiest landscapes by bike? Or how about rolling through the dreamy towns and vineyards on a trendy Segway? And do it as ecologically compatible as possible? Since the spring of 2010, these prospects are now possible for the local population and tourists in the Wachau region on both sides of the Danube. Under the motto "E-Mobility in the Wachau", EVN launched an e-mobility pilot project together with the Province of Lower Austria, Raiffeisen-Leasing and local partners. It will not take long to list the key facts about this initiative. EVN set up its own network of five public electricity charging stations in the towns of Melk, Emmersdorf, Aggsbach Dorf, Spitz and Krems, and a total of 15 electricity charging >





Gerald Rucker and Andrea Edelmann on an e-bike and Segway.

Advantages of e-mobility

■ **Eco-electricity instead of fossil fuels. E-mobility offers advantages from both an ecological and economic point of view:**

1. CO₂ emissions are significantly reduced – by 70% at present!
2. Electric-powered vehicles boast

lower energy consumption and higher level of efficiency than conventional vehicles.

3. Less dependence on oil.
4. Considerable reduction in the noise burden.

■ **Offensive.** E-connected promotes

networking among different stakeholders and works on the overall conditions and technical issues affecting e-mobility. EVN is also an active dialogue partner here.

■ **More information:**
www.e-connected.at

stations with partner firms in the tourism sector. This was done although considerable investments are required for each filling station, according to Roman Lechner, the responsible manager for network engineering at EVN who is involved in this pilot project.

100% green electricity. All tourists and local inhabitants (close to 50,000 people live in the Wachau region) who lease an e-bike, e-scooter or Segway in order to experience the fantastic scenery of this UNESCO World Heritage Site have two reasons to be happy. Not only can the electricity from these charging stations be used free of charge, but it is 100% green electricity. “The electricity is fully derived from renewable energy sources such as small hydropower plants, solar or wind power facilities”, says Andrea Edelmann of EVN. The 13 business partners in this project are highly motivated, even if the use and acceptance of the vehicles had not yet reached an optimal level in the first year of the project.

Moreover, the prevailing weather in the summer of 2010 foiled the hopes of the dedicated partner companies. Nevertheless, all those involved are working intensely to get ready for the 2011 season and expand their offering. For example, one of the business partners “Zum Schwarzen Bären” in Donauhof has leased new bicycles, Segways and even an e-Harley, an electric scooter which looks like a Harley-Davidson.

Higher quality of life. There is a good reason for leasing the e-bikes and e-scooters. The project partner Raiffeisen-Leasing GmbH, which purchased the vehicles, has developed an attractive package deal including maintenance, service and winter storage. Raiffeisen-Leasing Managing Director Peter Engert says, “The promotion of mobility based on electric-powered vehicles is an important issue for Raiffeisen-Leasing, which has been intensively committed to promoting eco-energy for many years. In the future, we do not only want to lease cars but also mobility. E-mobility can



E-scooters and e-bikes in the Wachau, the inner workings of an electricity charging station.

increase the quality of the air, reduce the noise burden and waste gas emissions and thus improve the overall quality of life". If an e-biker has a problem with the vehicle, another competent partner is available to provide advice and practical assistance: the Austrian Automobile Association (ÖAMTC) offers a free breakdown service for the entire Wachau.

The future is already here. For EVN, this project comprises an ambitious step forward in its efforts to raise awareness of e-mobility in the population, but also to develop new business models. After all, EVN is now in the process of discussing new e-mobility concepts with other regions in Lower Austria, says Ansgar Fosen, a member of the EVN project team. It is obvious that such projects must be profitable in the medium-term. "We are talking to several regions. A decisive factor to ensure successful implementation is that an attractive offering is made to tourists. In addition, it is vital that the local population is committed to the project", Fosen explains. Furthermore, the Province of Lower Austria is actively promoting the purchase of e-bikes. "Compared to normal bicycles, the e-bike offers a new perspective on mobility, particularly in rural areas outside of the more densely populated developed areas", says Stephan Pernkopf, Lower Austria Provincial Councilor for Environmental Affairs, Agriculture and Energy.

Pilot project with considerable potential.

There is no doubt that e-mobility will play a greater role in the future, for example to help countries achieve their climate protection targets. German political decision makers have even clearly defined their goals. A total of 1m electric cars should be in operation on the roads of our neighboring country by the year 2020. For this reason, EVN CEO Burkhard Hofer is quite optimistic. "Electric mobility will significantly gain in importance in the years to come. EVN has been focusing on

"We expect important findings from this pilot project."

alternative electrical drive systems for the last 20 years, and is investing in the future of soft mobility by setting up electricity charging stations in Lower Austria." The e-mobility project in the Wachau is a further building block in the efforts to expand modern and ecologically compatible ways of getting around. "We expect this pilot project to result in important findings about the behavior of users and usage patterns under real life conditions. This will benefit the target-oriented further development of the infrastructure offering in the field of e-mobility", Burkhard Hofer adds.

Innovative traffic project. The e-mobility project in the Wachau is an important step towards a better future, according to Lower Austria's Provincial Governor Erwin Pröll. "The Wachau is too beautiful to simply drive through it by car. There is so much to discover that we want to offer guests the opportunity to enjoy all the highlights of this unique cultural landscape without having to travel by car."



A public electricity filling station has also been set up in Aggsbach Dorf.

Therefore extensive work is already being carried out on an innovative overall traffic concept for the Wachau region, which should be implemented in the spring of 2011. At this point of time, it is planned to enable people to reach all popular destinations in the region without their having to travel in their own cars. E-mobility is an initial milestone in this direction. Thus all those involved in the project anticipate a further "push" in favour of e-bikes, e-scooters and Segways in the year 2011. _____



Personally experience energy

Wind and sun. Renewable energy sources such as solar and wind power are subject to strong fluctuations, which is why storage systems are necessary to more effectively plan energy production. At its energy theme park in Lichtenegg, EVN is trying out new storage technologies and a diverse range of small wind power and photovoltaic facilities. Small wind turbines represent a relatively new technology which are of enormous interest to households and agricultural firms, and thus for EVN's own product portfolio. Storage systems operate in a multi-functional manner, considering the fact that the potential goes far beyond simply supplying energy to an individual building. In this regard, EVN is cooperating with industrial and research partners as well as the firm Bucklige Welt Wind GmbH. The project, supported by the Climate and Energy Fund and the Province of Lower Austria, is expected to come on stream in the spring of 2011.

Picture left: CEO Hofer with employees in Lichtenegg at the ground-breaking ceremony: Christian Reichel, Burkhard Hofer, Angelika Lackner and Andrea Edelmann, l. to r.).

EVN News

Changes requires innovations – the best projects.

Holistic perspective

Innovations. In the future, energy will be increasingly supplied by regionally available renewable energy sources. EVN is involved in numerous projects designed to test innovative technologies in practice.

The focus is on a holistic approach. EVN is strongly committed to projects focusing on decentralized and renewable energy production. Suitable storage technologies are essential to utilise these fluctuating energy sources. It will also be up to customers to minimize their energy consumption.



Short & good

■ **Environmentally compatible mobility.** Natural gas used as fuel in the form of CNG (Compressed Natural Gas) makes an active contribution to climate protection by reducing CO₂, particulate and nitrogen oxide emissions. Erdgas Mobil GmbH, a subsidiary of EnergieAllianz, is promoting the expanded use of natural gas as a fuel, and currently operates 31 public and six non-public CNG filling stations in Lower Austria.

■ **Consciously use electricity.** EVN is currently testing "smart meters" with some 300 customers. It enables these customers to identify their electricity consumption at any

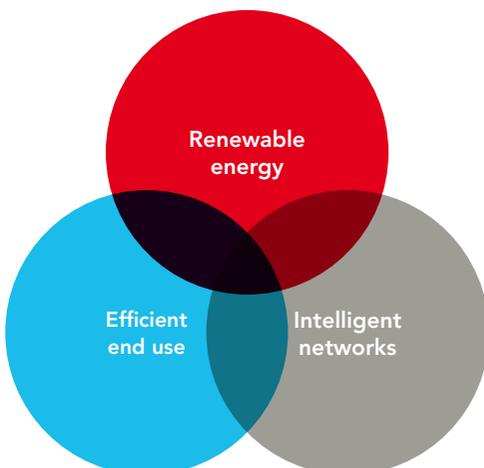


time by looking at a display, and analysing it on the Internet based on an online energy management system. .

■ **Green Home.** Some household devices use energy, others generate or storage it. If these appliances are managed intelligently, energy can be used more efficiently. The aim of the Green Home project is to exploit the potential derived from the interaction of information and communication technologies, efficient devices and intelligent networks (smart grids).

The future of the energy supply

Energy-independent housing. Energy-independent housing is simulated within the context of the ADRES project (autonomous decentralised regenerative energy systems). The combination of renewable energy sources, intelligent network management and the highest level of efficiency along the entire energy chain is designed to enable regional energy needs to be fully filled whilst keeping emissions low. The efficient and autonomous consumer is adjusted to the stochastic production of energy by means of a balancing tool as well as a new control algorithm, which can thus prevent blackouts and reduce the expense involved for energy storage facilities or a backup energy supply.



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