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Vattenfall overview
Vattenfall group overview

- Stable 100% ownership by the Kingdom of Sweden (Aaa/AAA)
- Core products are electricity and heat
- Europe’s 5th largest electricity generator with total installed capacity of 38,700 MW
  - # 1 in the Nordic market, with a 20% market share in generation
  - # 3 in Germany, with 13% market share in generation
  - # 3 in the Netherlands, with 19% market share in generation
  - # 1 in European district heating
- Committed to maintaining a single A category rating

Our Vision: A Leading European Energy Company
Vattenfall’s development

2000

<table>
<thead>
<tr>
<th>EBIT</th>
<th>TWh</th>
<th>Customers (thousands)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5 bn</td>
<td>83</td>
<td>2.2 m</td>
<td>13</td>
</tr>
</tbody>
</table>

2008

Pre Nuon

<table>
<thead>
<tr>
<th>EBIT</th>
<th>TWh</th>
<th>Customers (thousands)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.9 bn</td>
<td>+560%</td>
<td>163</td>
<td>+100%</td>
</tr>
<tr>
<td>4.7 m</td>
<td>+140%</td>
<td>32</td>
<td>+150%</td>
</tr>
</tbody>
</table>
Vattenfall’s short-term focus has shifted during the past decade.

1999 - 2001
- Growth
  - Major acquisitions in Germany and Poland
  - Creation of an integrated international company
  - Establishment of business and steering model for deregulated markets

2002 - 2005
- Consolidation (with price increases)
  - Implementation of cost effectiveness and performance programs
  - Initial efforts to capture cross-border synergies

2006 - 2009
- Growth and climate change
  - Acquisitions in Netherlands and UK
  - Increased efforts towards organic growth
  - Establish global climate change position
  - Commitment to adapt own generation portfolio
Vattenfall has a strong position in our core markets

<table>
<thead>
<tr>
<th>Service</th>
<th>Sweden</th>
<th>Finland</th>
<th>Denmark</th>
<th>Germany</th>
<th>Poland</th>
<th>Belgium</th>
<th>Netherlands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity generation</td>
<td>1</td>
<td></td>
<td></td>
<td>3</td>
<td>7</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Electricity trading</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Top 3</td>
</tr>
<tr>
<td>Electricity distribution</td>
<td>2</td>
<td>2</td>
<td></td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity sales</td>
<td>1</td>
<td>3</td>
<td></td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>District heat</td>
<td>4</td>
<td></td>
<td>2</td>
<td>1</td>
<td>1</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Retail gas sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

8 core markets: Sweden, Finland, Denmark, Germany, Poland, Netherlands, Belgium, UK

4 target markets: Czech Republic, Austria, Switzerland and France
Industry trends
Several major trends influencing the energy industry

The energy market

- Economic efficiency
- Liberalisation and industry consolidation
- Concerns for climate change
- Uncertainty around security of supply
- Increased attention from the public and political arena
- Impact of construction cycles
- Regulation increasingly shaped by EU
- Recession

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Vattenfall Capital Markets Day, 23 September 2009
Industry will need major investments due to retiring assets

EU production mix varies across countries

Retiring assets by fuel type

Total installed capacity 816 GW

- Gas: 32%
- Renewables: 20%
- Coal: 66%
- Nuclear: 77%
- Oil: 69%

Installed capacity (GW)
Of which retired until 2030

Source: Eurelectric "The role of electricity", June 2007
Investments will be shaped by carbon constraints

Abatement potential 2030 (GtCO₂e per year)

By sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Potential (GtCO₂e per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>10.0</td>
</tr>
<tr>
<td>Petroleum &amp; Gas</td>
<td>1.1</td>
</tr>
<tr>
<td>Cement</td>
<td>1.0</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>1.5</td>
</tr>
<tr>
<td>Chemicals</td>
<td>2.0</td>
</tr>
<tr>
<td>Other Industry</td>
<td>1.7</td>
</tr>
<tr>
<td>Transport</td>
<td>3.2</td>
</tr>
<tr>
<td>Buildings</td>
<td>3.5</td>
</tr>
<tr>
<td>Waste</td>
<td>1.5</td>
</tr>
<tr>
<td>Forestry</td>
<td>7.8</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>

Key levers:
- Renewables: 4.0
- Nuclear: 2.0
- CCS: 1.7

Drivers for change

- Climate change focus
- ETS and high fuel prices implies higher costs for traditional capacities
- Technological development - lower costs for renewables
- Industrial growth in renewables supported by government regulation
- Large competitors moving now

Source: Global GHG Abatement Cost Curve v2.0
Strategic direction
To be a leading European energy company

To enhance our customers’ competitiveness, environment and quality of life through efficient energy solutions and world class service

Making Electricity Clean

Effectiveness, Openness, Accountability
Vattenfall’s 5 ambitions crucial for Making Electricity Clean

Number One for the Environment
Develop the generation portfolio towards clean energy (renewables, nuclear and coal/gas with CCS)

Number One for the Customer
Increase customer orientation and market shares while reducing cost to serve

Benchmark for the Industry
Strive for operational excellence through higher productivity and better utilisation of Group synergies

Employer of Choice
Attract, retain and develop people and competencies for the future

Profitable Growth
Drive growth through organic expansion and business development combined with acquisitions in priority markets
Making Electricity Clean

“The sum of the strategies and actions we must undertake to achieve climate-neutrality by 2050 and profitably grow our operations, while maintaining or improving the competitiveness of our business in all respects”
Making Electricity Clean – Reshape the generation portfolio

Vattenfall Electricity Generation Road Map

Key success factors

- Significantly increase investments in low-emitting energy generation
  - Renewables
  - Nuclear
  - Coal/Gas with CCS
- Accelerate business and technological development
- Promote incentives for investments in low-emitting technologies

TWh

<table>
<thead>
<tr>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave</td>
<td>Wind</td>
<td>Biomass</td>
<td>Gas</td>
<td>Coal</td>
</tr>
</tbody>
</table>

g/kWhel*

<table>
<thead>
<tr>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low CO₂ emitting</td>
<td>Low CO₂ emitting</td>
<td>Low CO₂ emitting</td>
<td>Low CO₂ emitting</td>
<td>Low CO₂ emitting</td>
</tr>
</tbody>
</table>

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Electricity demand – Long-term trend remains

Electricity demand 1970 - 2030

- **TWh**
- **Forecast**
- Germany
- Nordic

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World-class safety and operations

Priority 1: Strong safety management

Priority 2: Maximize Availability, Reliability and Lifetime

Priority 3: Cost Optimization
The future is electric

Positioning electricity as part of the energy solution

- Change public perception of electricity
- Promote electricity demand
- Provide new business opportunities

Heat Pumps

20–30 TWh el. *

Plug-in Electric Hybrid Vehicles

60–85 TWh el. *

District Cooling Systems

40–50 TWh cool.

* Potential in core markets by 2030
Our way forward – strategic direction

• Making Electricity Clean – Implementing our integrated strategy
  - Renewables, nuclear, coal/gas with CCS
• Recession – requires short- and mid-term actions
• World class safety and operations
• The future is electric