

Vattenfall Capital Markets Day 2009

Presentation by:

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- Financial targets and outcome
- Nuon acquisition
- Actions and ongoing initiatives
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 - Asset disposals
 - OpEx programme
- Funding & debt management

Vattenfall's financial targets *

The overarching objective is value creation

- Profitability:
15% Return on Equity (RoE)
- Cash flow:
Cash flow interest coverage after maintenance investments 3.5-4.5x
- Financial position:
Credit rating in the single-A category
- Dividend pay-out:
40-60%

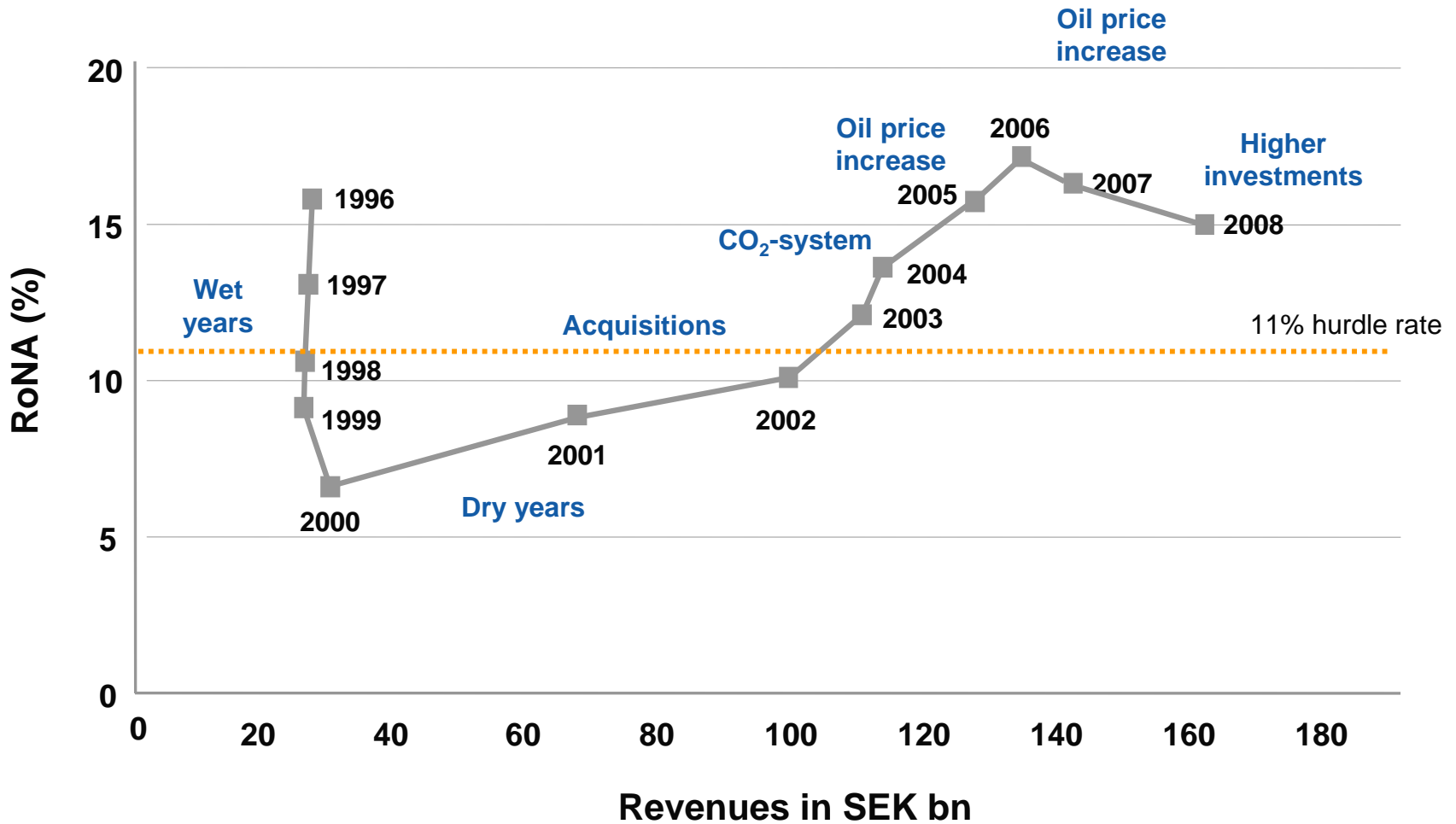
* These four targets were set by Vattenfall's owner the Swedish State at the Annual General Meeting in 2006

Vattenfall's financial targets – outcome Q2/09

Key ratio	Target	Outcome Q2 2009
Return on Equity (RoE)	15 % on average equity	12.5%*
Return on Net Assets (RoNA, excl. IAC)	11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)	13.9%*
Cash flow interest coverage after maintenance investments	3.5 – 4.5 times	4.7*
Credit Rating	Single A category rating	A2/A Stable outlook
Dividend pay-out	40-60 %	40.4 %

*Q2 2009 figure = LTM

Development of capital efficiency since 1996



RoNA = Return on Net Assets

Split unregulated / regulated business (2008)



Unregulated business (2008)

“Regulated” business (2008)

EBITDA

68%

32%

EBIT

73%

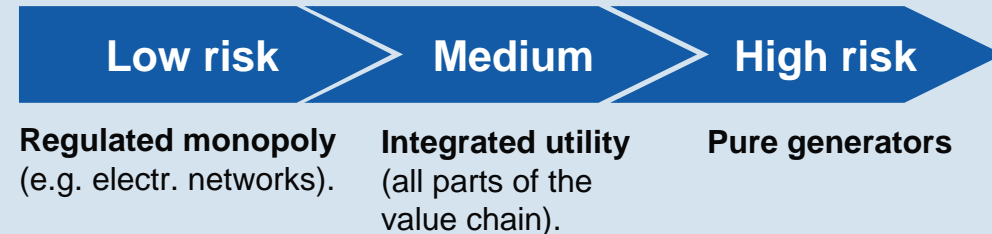
27%

- Electricity generation of 163.1TWh in 2008
- Well diversified generation mix; hydro (24%), nuclear (28%) and fossil (46%). Wind power increasing
- Acquisition of Nuon increases the unregulated part
- Total electricity sales of 189.3TWh in 2008
- Includes Sales and Energy Trading activities

- Approximately 5.6 million network customers
- Divestment process of German Transmission
- Heat production of 35.6TWh in 2008
- 29% of heat sales in Nordic market and remaining 71% in Central Europe

Risk diversification in generation business

Utility credit risk profile (traditional view)



Risk diversification through well diversified portfolio

- Primarily base load (low cost).
- Well diversified generation mix:
 - Hydro (healthy margins, no CO₂).
 - Nuclear (healthy margins, no CO₂).
 - Fossil (low cost, own lignite mining supply, gas through Nuon).
- CO₂ emissions to be avoided through CCS.
- Balanced geographical markets (Nordic, Germany, Benelux).

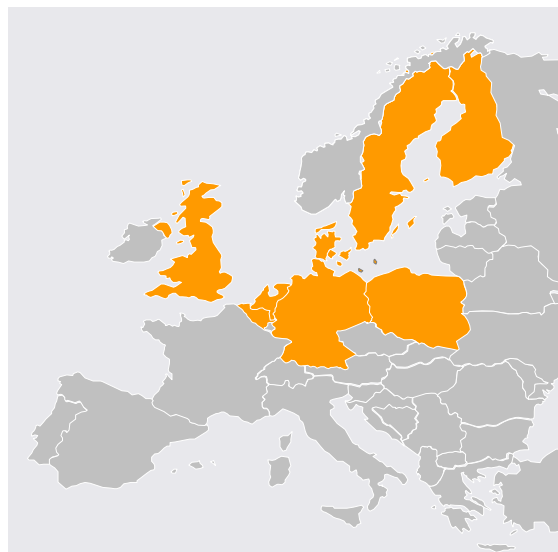
Although Vattenfall is moving towards more generation, this should not materially increase the overall risk profile compared to integrated utilities.

Nuon acquisition

Acquisition of Nuon

Facts

- 1 July 2009: Initial purchase of 49% of shares for EUR 4.8 bn; remaining shares to be acquired 2011, 2013 and 2015
- Acquisition does not include Nuon's grid company Alliander
- 100% of Nuon's shareholders accepted Vattenfall's bid. EU competition clearance on condition that Nuon Deutschland be divested.
- Vattenfall has operational control from 1 July and consolidates Nuon as from that date.
- Nuon forms a new regional Business Group; Business Group Benelux
- Transaction was pre-funded in the bond markets. The initial EUR 5.0 bn credit facility was never utilised.



■ Vattenfall's presence after Nuon acquisition

Strategic rationale

- The Netherlands is one of the most attractive regions for Vattenfall's expansion
 - Growing market, capacity shortage and shift toward renewable energy
 - Proximity, connectivity
- Beneficial risk diversification with new core market
- New gas competence also provides a partial hedge to coal-fired operations
- Annual synergies EUR 100m by 2015

Combined entity provides leadership in generating clean electricity

Top position in the European energy market

Heat generation	39.2 TWh	#1 in Europe
Electricity generation	185 TWh	#5 in Europe
Trading	Presence in major trading hubs and commodities	Top 3

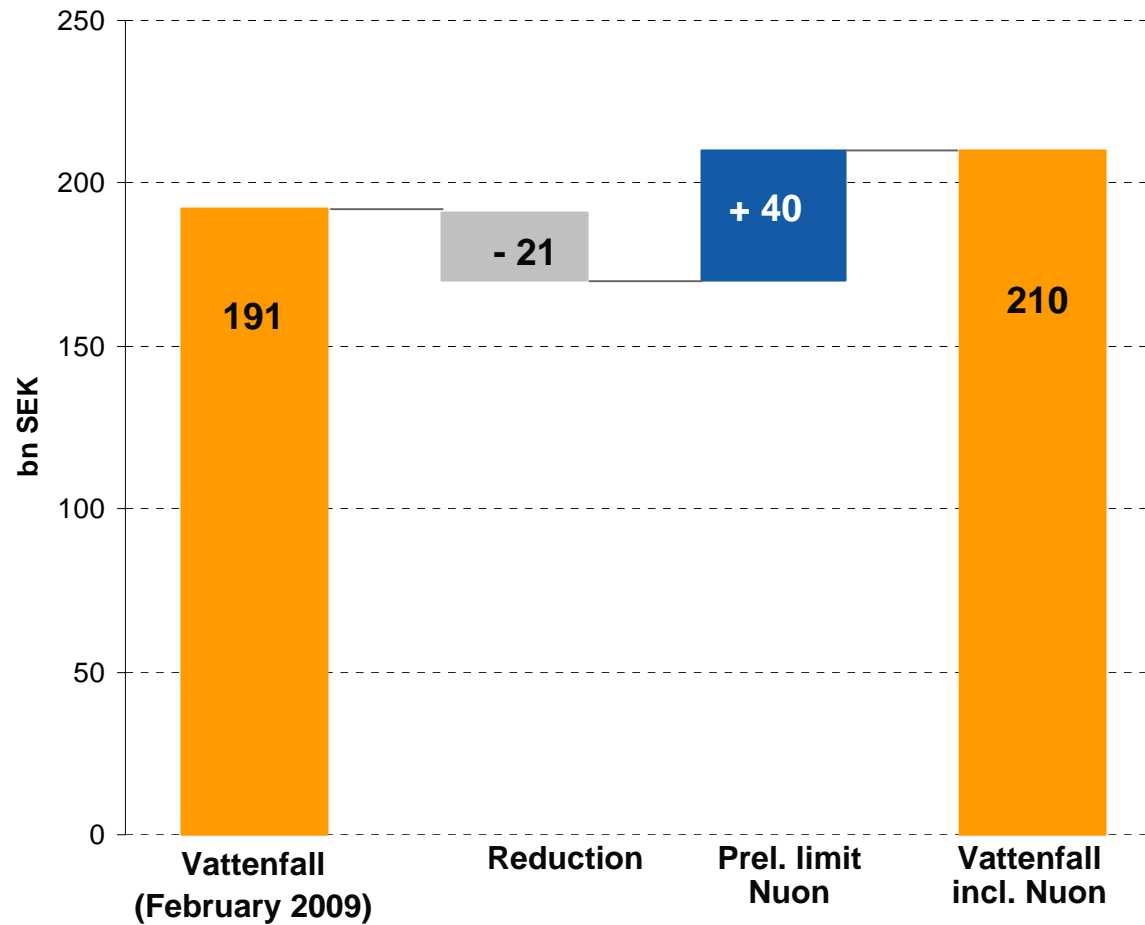
Leader in Europe with clean technology platform

Wind capacity	Offshore – 371 MW Total – 900 MW	#1 in Europe #8 in Europe
Bio-mass installed capacity*	520 MW	#5 in Europe
Clean technology platform	Leaders in developing IGCC, CCS and on- / offshore wind	Global thought leader

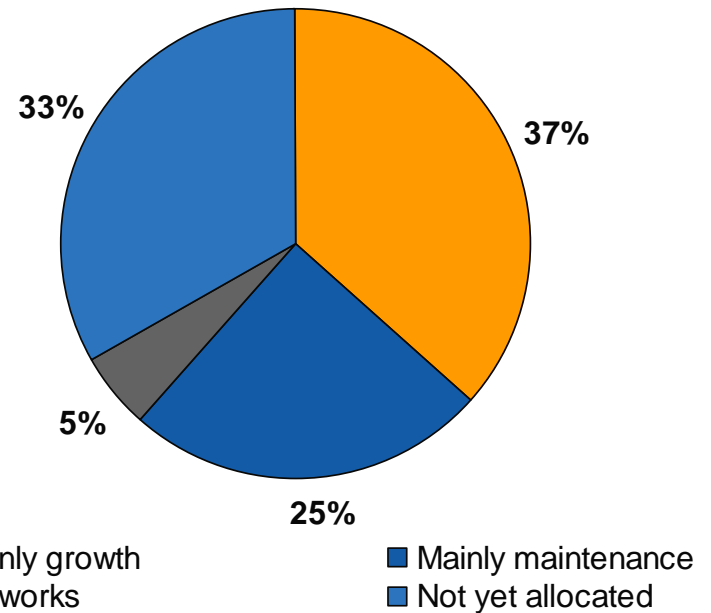
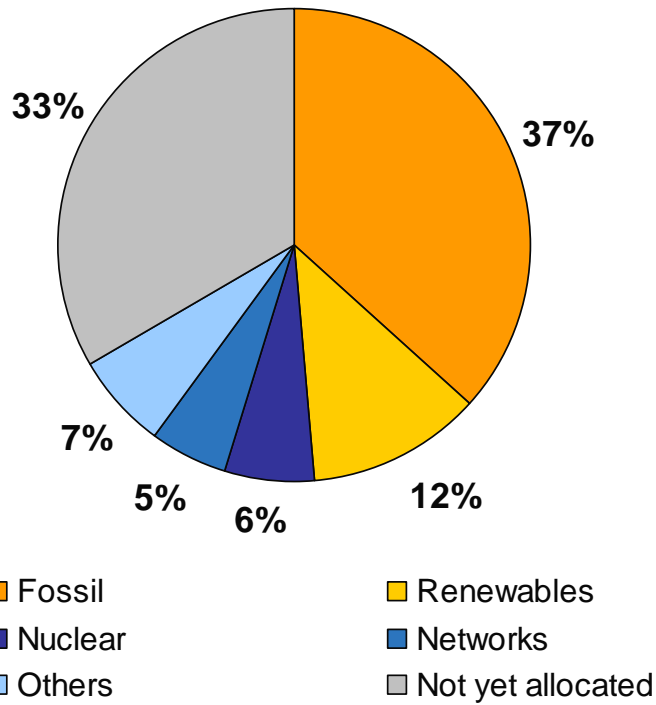
Actions and ongoing initiatives

- Capex reductions
- Asset disposals
- OpEx programme

Reduced capex limit 2009 - 2013

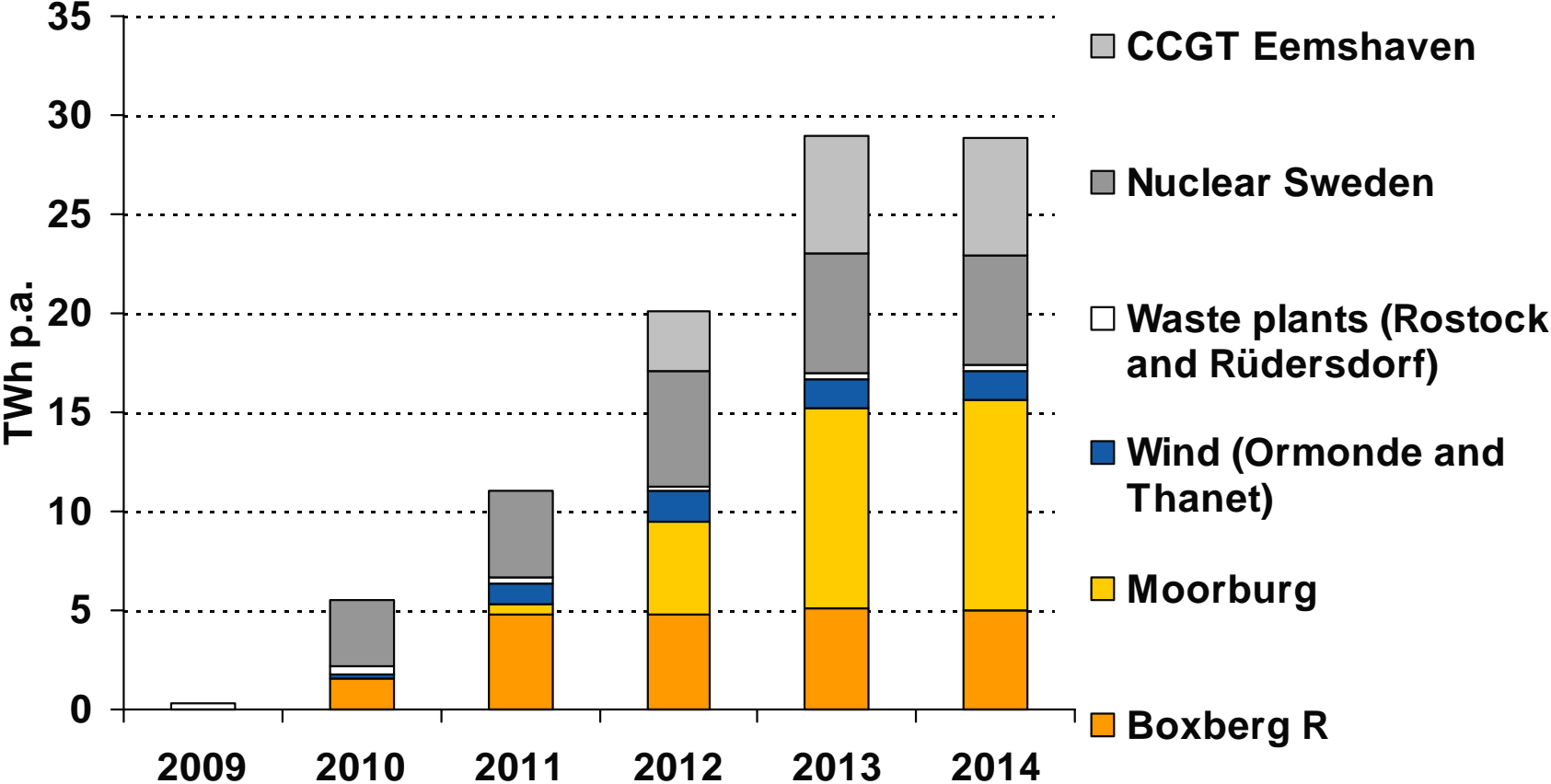


Capex allocation 2009 - 2013



Total capex limit SEK 210 bn including Nuon

Growth in TWh 2009-2013 (already decided investments)



as of July 2009

Asset disposals (I)

- Divestment programme including currently a total of ~10 assets in Germany and the Nordic region.
 - Vattenfall's German Transmission is a substantial part of the programme.
- The divestments are estimated to generate >1,5 bn EUR of cash proceeds.
- The plan is to have signed agreements or closed transactions for a large part of the programme by year-end 2009.

Asset disposals (II)

- 3 divestments announced so far:
 - 30% stake in Luleå Energi AB, Sweden for SEK 312 million (~ EUR 30 million) - completed
 - 50% stake in AB PiteEnergi, Sweden for SEK 238 million (~ EUR 23 million) - completed
 - 80.3% stake in the supply and networks company WEMAG, Germany for 170 MEUR to 268 municipalities of Mecklenburg-Western Pomerania and Brandenburg (closing of the transaction will require approval by the government authority supervising the municipalities as well as by the German Cartel Office)

Operational excellence – next steps

Ongoing OpEx programme

- 11% increase of productivity from 2006 to 2010, corresponding to a cost reduction of SEK 5 bn
- Implementation and delivery ongoing

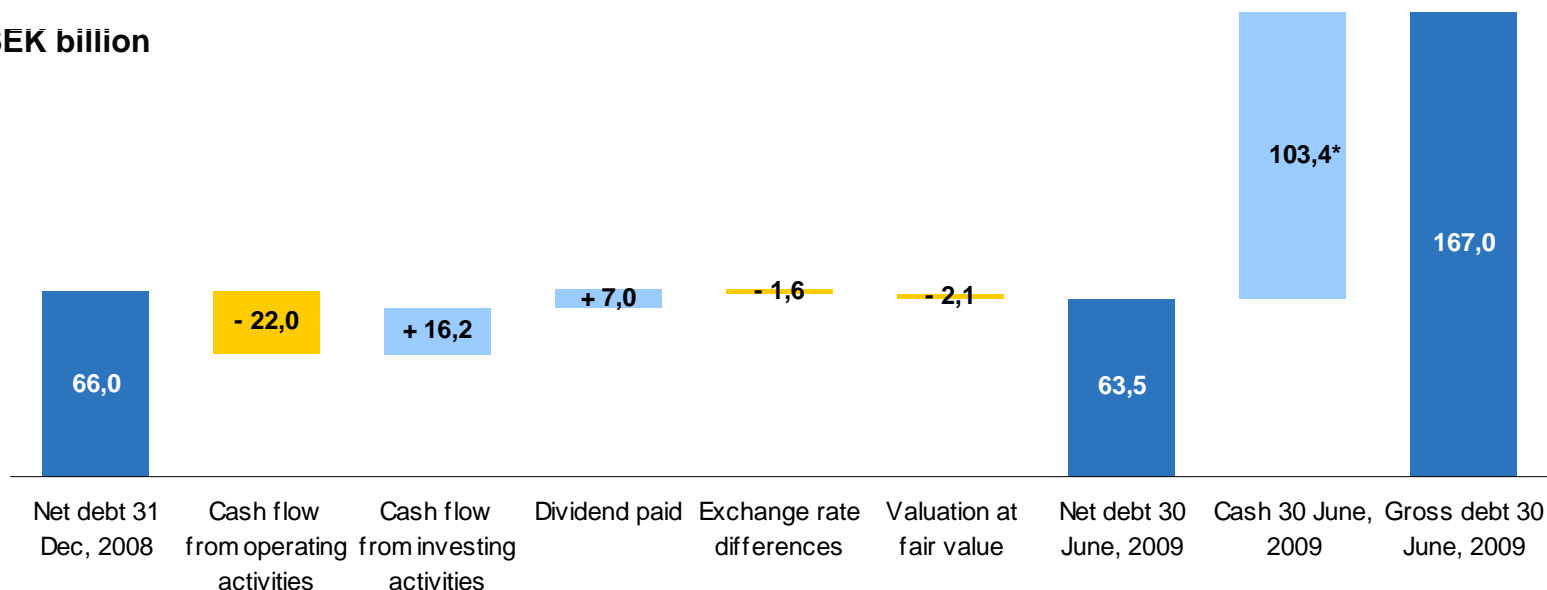
Next steps: Continue to increase operational excellence through further improvements of:

- **Productivity**
 - Progress according to targets for most businesses. However major challenges in nuclear operations.
 - Target SEK 5 bn for 2010 is still valid, and is to be confirmed in the business planning process this autumn.
 - Additional synergies to be extracted from integration of Nuon 100 MEUR by 2015.
- **Cross-border synergies**
 - BG Pan Europe established with the mission to increase cooperation and learning across the Group in key areas.

Debt & liquidity management

Debt development Jan - June 2009

SEK billion



On 1 July approx. EUR 4.8 bn was paid for the acquisition of 49% of Nuon. The remaining 51% will be paid in three tranches 2011, 2013 and 2015, and will be accounted for as interest-bearing liabilities. -> As a result both net and gross debt increases.

*Includes loans to minority owners in German nuclear subsidiaries of SEK 1.5bn (excluded from liquidity calculation – compare slide 19)

Liquidity position as of 30 June 2009 pre Nuon payment 1 July

Group liquidity	SEK million
Cash and cash equivalents	82 399
Short term investments	19 475
Total	101 874¹⁾

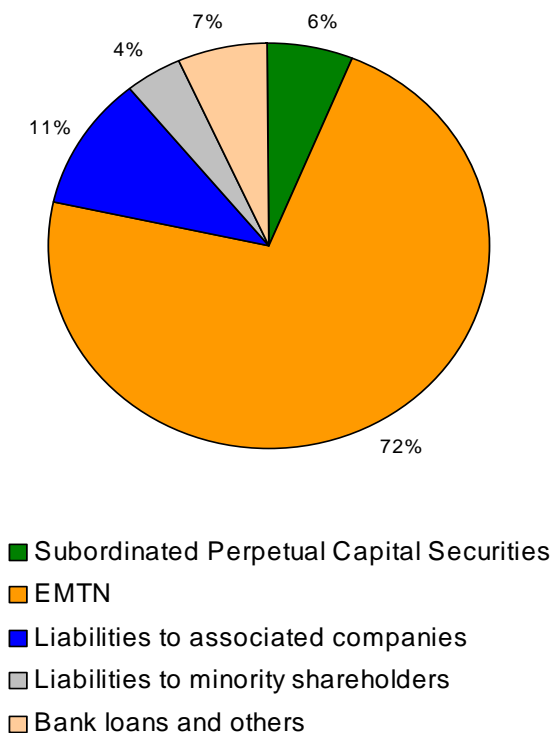
1) Of which SEK 81,875 million was fully available. Not fully available liquidity comprises German nuclear "Solidarvereinbarung" 3,692 million, Minority owners share of German nuclear subsidiaries cash position 4,121, Restricted cash for certain personnel-related provisions 1,324, Credit support Annex (Margin Calls) 9,243 and other not fully available liquidity 1,619.

Committed credit facilities	Line size	Amount available (SEK m)
RCF (maturity February 2013)	EUR 1 000 million	10 846
Overdraft facility	SEK 100 million	100
Total undrawn		10 946

Other unutilised credit lines: 10 827 SEK million

Breakdown of gross debt 30 June 2009

Total debt at 30 June 2009:
SEK166.9 bn¹⁾ (EUR15.4 bn)



1) Of which external market debt: SEK 142.0 bn (85%)

Funding programmes	Size (EURm)	Utilization (EURm)
EUR 15 bn Euro MTN	15 000	8 879
SEK 10 bn Domestic MTN	922	0
USD 2 bn Euro CP	1 383	0
SEK 15 bn Domestic CP	1 366	0

- All public debt issued by Vattenfall AB or Vattenfall Treasury AB (fully guaranteed by Vattenfall AB)
- No currency exposure in the debt portfolio
- No structural subordination

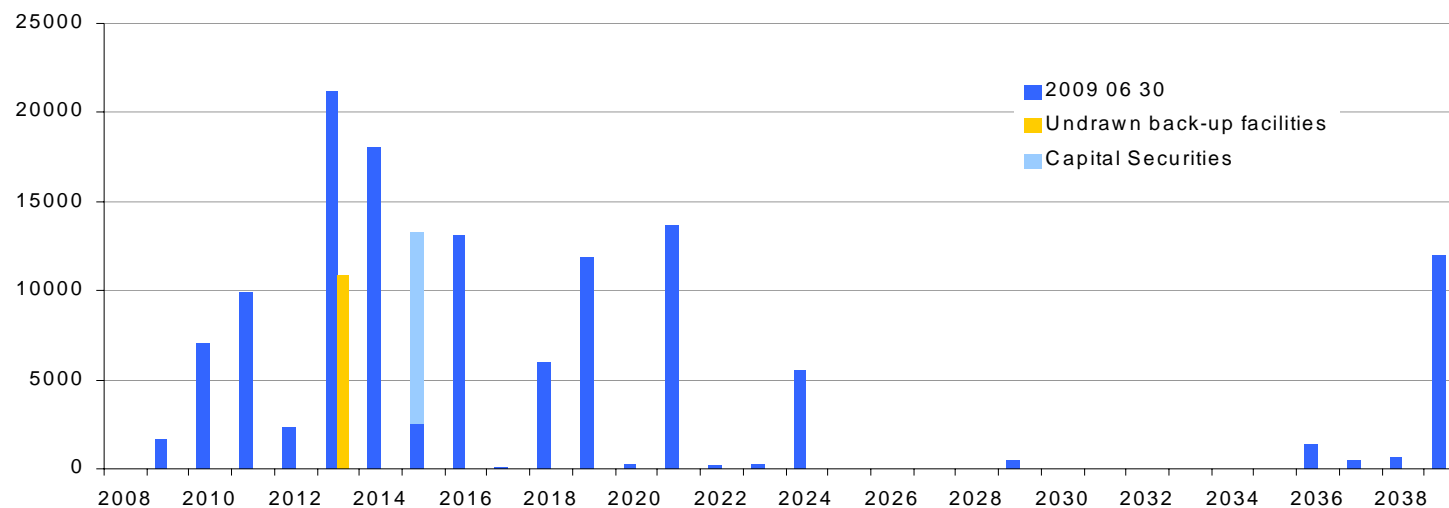
Several successful benchmark issues

Amount	Issue date	Maturity	Coupon	Bookrunners
Benchmark Issues last 12 months:				
EUR 500m	Mar 17 2009	Mar 18 2013	4,125%	BNP, Citi, DB, NOB
EUR 850m	Dec 5 2008	Dec 5 2013	5,75%	BAR, BNP, RBS, SG
EUR 1,350m	May 19 2009	May 19 2014	4,25%	JPM, SEB, SG
EUR 1,100m	Mar 17 2009	Mar 17 2016	5,25%	BNP, Citi, DB, NOB
EUR 650m	Dec 5 2008	Jan 31 2019	6,75%	BAR, BNP, RBS, SG
EUR 1,100m	Mar 17 2009	Mar 17 2021	6,25%	BNP, Citi, DB, NOB
GBP 350m	Apr 15 2009	Dec 16 2019	6,125%	BAR, RBS
GBP 1,000m	Apr 15 2009	Apr 15 2039	6,875%	BAR, RBS
Previous benchmark issues:				
EUR 500m	Mar 31 2000	Mar 31 2010	6,00%	MSDW, Citi
EUR 500m	Jun 18 2003	Jun 18 2018	5,00%	Citi, SG
EUR 500m	Apr 29 2004	Apr 29 2024	5,375%	BAR, DRKW, MSDW
EUR 1,000m (Hybrid)	Jun 29 2005	call 2015	5,25%	Citi, JPM, ML

No further funding needed in 2009 and most likely not in 2010 either

Vattenfall debt maturity profile

SEK million



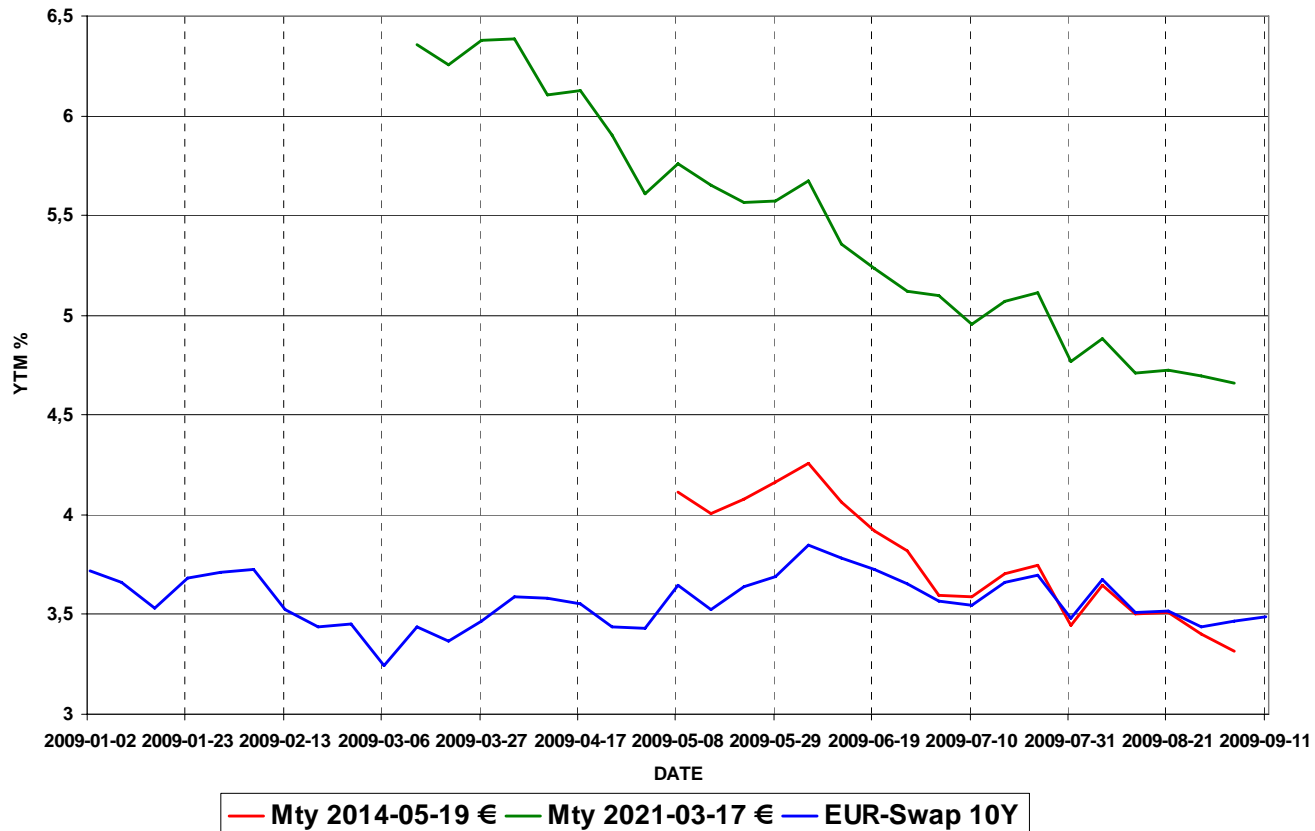
Excluding loans from associated companies and minority owners

	June 30, 2009	June 30, 2008
Duration (years) ¹⁾	4.0 ²⁾	2.4
Average time to maturity (years)	9.2 ²⁾	6.0
Average interest rate (%)	4.7 ²⁾	4.9
Net debt (SEK bn)	63.5	52.0

1) The duration in the liability portfolio was in the end of May 2009 prolonged from 2,5 to 4 years

2) Based on external debt, excluding Capital Securities. Including Capital Securities the duration is 4.1 years, Average time to maturity 8.9 years and Average interest rate 4.8 %.

Yield for Vattenfall 5Y and 12Y EUR benchmark bonds compared with 10Y EUR-Swap



Adjusted gross and net debt

SEK million

	30 June 2009	31 Dec 2008
Reported gross debt	-166 903 ¹⁾	-107 347 ¹⁾
Present value of net pension obligations	-21 893	-21 839
Mining & environmental provisions	-14 318	-14 604
Nuclear asset retirement obligations	-4 904	-5 154
50% of Hybrid securities	5 364	5 406
Cross currency swaps	2 496	3 131
Hedge of net investments in foreign operations	3 486	3 337
= Adjusted gross debt	-196 672	-137 070
Reported cash, cash equivalents & short term investments	101 874 ²⁾	40 236 ²⁾
German nuclear "Solidarvereinbarung"	-3 692	-3 724
Restricted cash for certain personnel-related provisions	-1 324	-
Minority owner's share of German nuclear subsidiaries cash position	-4 121	-3 744
= Adjusted cash, cash equivalents & short term investments	92 737	32 768
= Adjusted net debt	-103 935	-104 302

1) Of which CSA, Credit Support Annex (Margin calls) 2 105 (1 856)

2) Of which CSA, Credit Support Annex (Margin calls) 9 243 (7 439)

Key credit considerations



Leader in generation
#1 Nordic region
#5 in Europe

#1 in European
district heating

Disciplined growth
organically and
through M&A

Well diversified
generation and
fuel mix

Vision to be climate
neutral by 2050

100% owned by the
Kingdom of Sweden

Moody's: A2 / Stable
S&P: A / Stable

Committed to maintain
a single-A rating

Strong liquidity position

Prudent and consistent
hedging policy

Proven track record of
integrating acquisitions

Back-up slides

Ratings

Vattenfall is committed to maintaining credit ratings in the single A category. After the announcement of the Nuon transaction, both Standard & Poor's and Moody's affirmed all Vattenfall ratings.

Standard & Poor's

A- (stable outlook): *Rating affirmed on 25 February 2009*

- Diversification benefits by establishing in the Benelux
- Meaningful position in Continental gas trading
- Opportunities for improved portfolio optimization

A (stable outlook): *Rating upgraded on 1 July 2009*

- Due to S&P's new methodology for the rating of government-related entities

Moody's

A2 (stable outlook): *Rating affirmed on 23 February 2009*

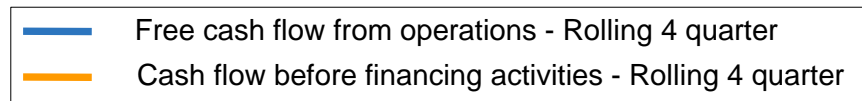
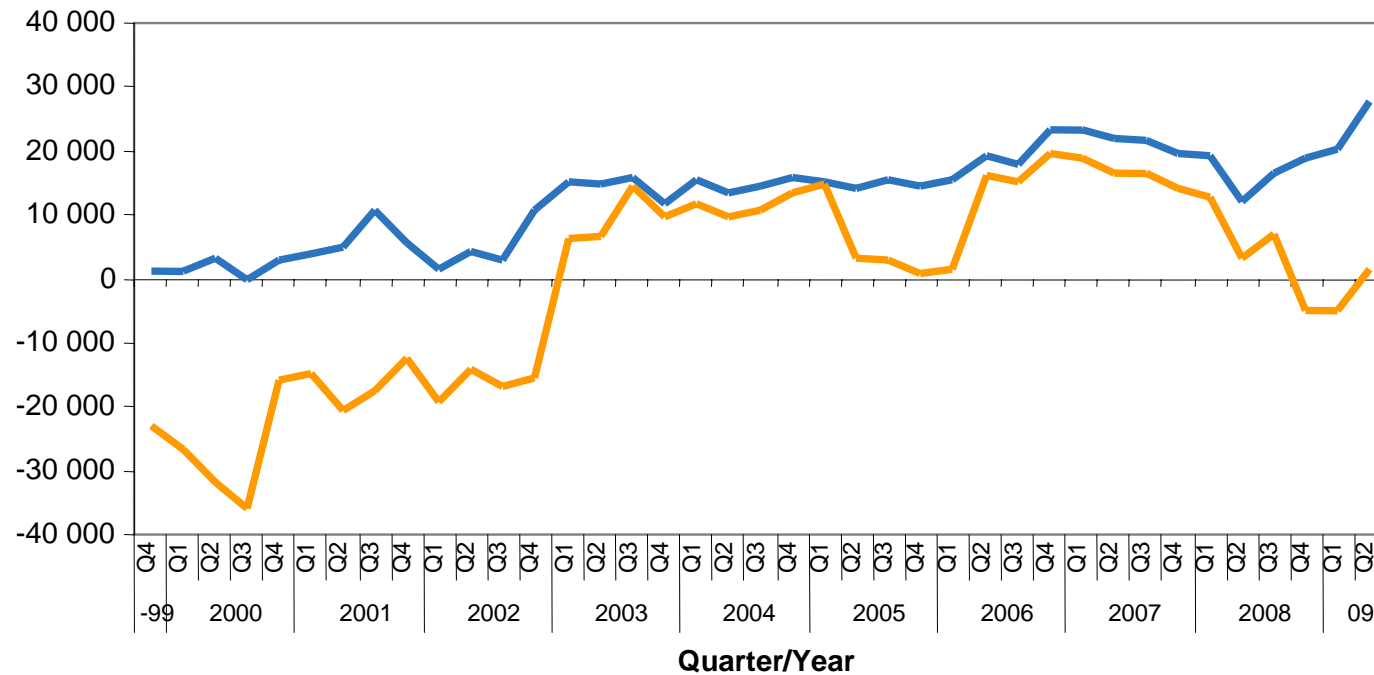
- Acquisition consistent with Vattenfall's strategy
- Potentially improve balance between generation and supply activities
- Increase the strength of scale of operations

A2 (stable outlook): *Rating affirmed on 4 March 2009*

- The outlook is stable.
This reflects the company's medium business risk profile and the fact that the company has sufficient financial flexibility to absorb the potential acquisition (=Nuon) and stay within the current ratio guidelines. Moody's believes that the company is comfortably positioned within this rating category.

Cash flow development

SEK million



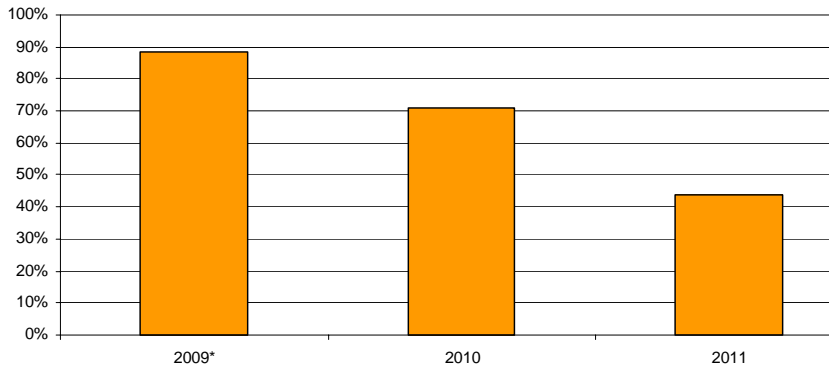
(1) Cash flow from operating activities minus reinvestments

Hedging position as of 30 June 2009

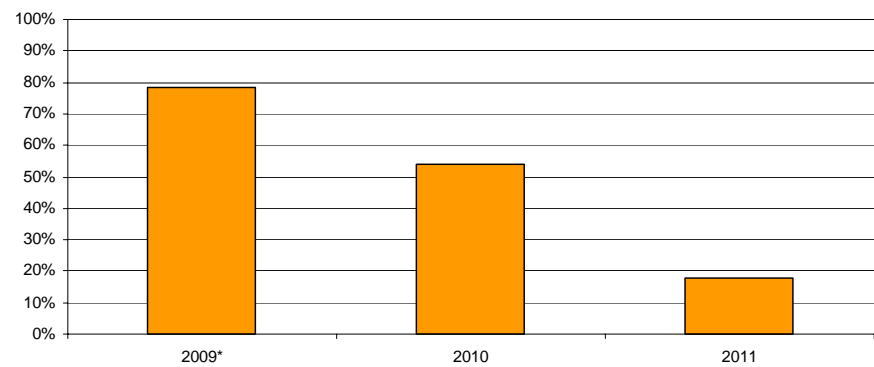
Hedging ratios virtually unchanged compared with Q1 2009

% hedged of planned electricity generation, including long-term fixed-price contracts with industrial customers

Nordic



Germany & Poland



* Remaining part of the year