

### **AGM address, 28 April 2014**

Ladies and gentlemen:

Allow me to start where an address such as this normally ends – namely, by expressing the Board's thanks to the employees and management of Vattenfall for their outstanding contribution during a year, 2013, that was not easy. The conditions we worked under also shaped the Board's work, which to a great extent was focused on structure and organisational change, revaluation of the company's assets, and various types of efficiency improvements.

So I'd like to share some impressions with you.

When I saw Vattenfall's dam and power plant construction project in Norrland just over two years ago, I was awed by the experience.

Construction was first started on essential parts of this nearly 100 years ago. It was all made possible by a massive work effort. In the depths of Norrland's wild country, workers carried building material and tools – on their backs, in roadless territory – tens of kilometres. It was this strenuous physical labour, combined with Swedish engineering know-how, that built Sweden's hydro power, electrified the "iron road" – the rail line for transporting the country's key iron ore exports – and in turn, through continued electrification in both a literal and figurative sense – built the foundation for our prosperity in Sweden.

This is the origin and the core of what is today Vattenfall: A shared, national inheritance that we own together and should be proud of.

During the first years of deregulation of the European energy market, Vattenfall expanded dramatically outside of its old home market, just like the national monopoly utilities in other countries. Everyone seemed to be in agreement that this was the right path.

Unfortunately, I have to say that it is this expansion which essentially caused the problems that the company is facing today.

I can understand those who now ask:

Why did Vattenfall buy coal power plants in Germany and Poland?

Why did the company buy nuclear power in Germany?

Why did the company buy gas-fired power and other operations in the Netherlands?

Surely this was wrong taking into consideration environmental perspectives and price levels in various combinations?

Everyone is entitled to ask these questions, and everyone is entitled to formulate their own answers.

But no one can disregard the fact that what is done is done, and this is what we are now working with and the perspective that we must now work according to.

How we proceed and exactly where we stand today are topics that Vattenfall's CEO will cover in his address.

Allow me to first offer a few comments.

Swedish-owned Vattenfall today has extensive and complex operations in a number of countries. Every country has its own, specially designed energy system, based on a balance of security of supply, national self-determination, competitive prices and environmental considerations, among other things.

Climate change, economic development and geopolitical changes all have an influence on opinions about what is important.

It is easy for public opinion in one country to have views about how another country should handle its energy supply. All countries do not begin from the same starting point – geography, natural resources and history play a role.

Are there conditions for hydro power? Does the country have coal assets? Is there an acceptance for nuclear power? How are the wind and sun conditions?

Changes of energy systems take time – but they also require their own energy in the form of investments and changes in consumer behaviours.

For a long time, Vattenfall – more than other energy companies – has been a symbol for and target in the debate about energy systems.

This debate has perhaps become more nuanced:

- It is not the energy companies – but political decisions – that set the overall direction and framework of energy policies. It is then up to the energy companies to do the best possible within these frameworks.
- Vattenfall has ambitions and expertise, but there are limits to our and other energy companies' ability – we must be clear in describing this.
- Nearly all major energy companies navigated off course regarding the view to how the European market would develop and at what pace. Vattenfall is one of these companies.
- Discussions about today's and tomorrow's energy market are characterised less by absolute certainty and more by afterthought and analysis.

It is natural that Vattenfall is closely scrutinised with respect to how we run our plants, our safety work, our vendors and our environmental work – we have nothing against this.

I hope that the company will be recognised for what it has done well – even though this will never be in proportion to the criticism we receive when something goes not so well.

I also hope that Vattenfall, since it is owned by us all, will also be perceived as a shared endeavour in the sense that it unifies rather than separates –

that across party lines, geographic borders and generations, there will be a positive perception about something that has been built jointly and that has created value for Sweden, its citizens and its companies –

A company that has made some mistakes –

but which has shown a willingness and capacity to start over, do the right things, and over time contribute to our society.

The efforts and work carried out in 2013 were characterised by this ambition, and this ambition will continue to apply unabated for our shared future.

Thank you!