Prospectus dated 29 May 2019

Vattenfall AB (publ)

(incorporated with limited liability under the laws of the Kingdom of Sweden with Reg. No. 556036-2138)

EUR10,000,000,000

Euro Medium Term Note Programme

Under the Medium Term Note Programme described in this Prospectus (the "**Programme**") Vattenfall AB (publ) (the "**Issuer**") may from time to time issue notes (the "**Notes**"), denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined herein). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR10,000,000,000 (or the equivalent in other currencies).

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (*Lag (1991.980) om handel med finansiella instrument*) (the "**Trading Act**"). Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Prospectus is correct and complete. This Prospectus is a base prospectus in accordance with Chapter 2, Section 16, of the Trading Act.

This Prospectus is not a recommendation to subscribe for or to acquire Notes issued under the Programme and does not constitute an offer to sell or the solicitation of an offer, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes. Any recipients of this Prospectus and/or any Final Terms, must make their own assessment of the Issuer and the Notes based on this Prospectus, the documents incorporated by reference (see the section "*General and Legal Information - Documents incorporated by reference*"), the Final Terms of each Tranche (as defined herein) of Notes and any supplements to this Prospectus. Copies of the Final Terms will be available from the specified office set out below of the Fiscal Agent (as defined herein), each of the Paying Agents (as defined herein).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. With the exception of the approval and registration by the SFSA of this Prospectus, the Issuer has not taken any measures to allow for a public offer of Notes under the Programme, nor for possession or distribution of material regarding such offer, in any country or jurisdiction where measures for such purposes are required. Persons that are provided with this Prospectus and any Final Terms undertake in relation to the Issuer to comply with all applicable laws, regulations and other rules in each country and jurisdiction where they buy, offer, sell or deliver Notes or possess or distribute such offering material, in each case at their own expense. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Notes (including Notes in bearer form that are subject to U.S. tax law requirements) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws or securities laws of other jurisdictions outside the Kingdom of Sweden and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

Each Series (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Notes in registered form will be evidenced by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be evidenced by registered global certificates ("**Global Certificates**"). If a Global Certificate is held under the New Safekeeping Structure (the "**NSS**") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Issuer has been rated A3 (Senior Unsecured) and Baa1 (Subordinated) by Moody's Investors Service Ltd ("**Moody's**") and BBB+ (Senior Unsecured) and BBB (Subordinated) by S&P Global Ratings Europe Limited ("**S&P**"). Each of Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be disclosed in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to "*Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes*" in the Risk Factors section of this Prospectus.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Arranger

Deutsche Bank

Dealers

Citigroup **Deutsche Bank** **Nordea**

LEGAL#1784368v16

IMPORTANT INFORMATION

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended or superseded, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "EEA") (the "Prospectus Directive") and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the "Group") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. For further details, see *"General and Legal Information – Responsibility"*. This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*General and Legal Information - Documents Incorporated by Reference*"). The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Notes may come are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction (see "*Subscription and Sale*"). This Prospectus does not constitute an offer to sell or the solicitation of an offer, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes. Further legal information is set out in "*General and Legal Information*".

To the fullest extent permitted by law, none of the Arranger, the Dealers or the Fiscal Agent, the Paying Agent, the Transfer Agent, the Registrar or any other Paying Agent (together, the "Agents") accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger, each Dealer and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger, the Dealers or the Agents that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers, the Arranger or the Agents undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arranger or the Agents.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

BENCHMARKS REGULATION – Amounts payable under Floating Rate Notes issued under the Programme may be calculated by reference to LIBOR, EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, AFMA BBSW, WIBOR and HIBOR as specified in the Final Terms. As at the date of this Prospectus, the administrators of EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, AFMA BBSW, WIBOR and HIBOR are not included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "BMR") and ICE Benchmark Administration Ltd, the administrator of LIBOR, is included in ESMA's register. As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the administrators of EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, AFMA BBSW, WIBOR and HIBOR are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

FORWARD LOOKING STATEMENTS – This Prospectus includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer and the Group concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update any forward-looking statements set out in this Prospectus.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- **(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;**
- **(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;**
- **(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;**
- **(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and**
- **(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TABLE OF CONTENTS

Page

OVERVIEW OF THE PROGRAMME 5
RISK FACTORS 10
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM 21
TERMS AND CONDITIONS OF THE NOTES 27
FORM OF FINAL TERMS 60
USE OF PROCEEDS 69
DESCRIPTION OF THE GROUP 70
TAXATION 89
SUBSCRIPTION AND SALE 91
GENERAL AND LEGAL INFORMATION 94

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions (the "**Conditions**") of any particular Tranche of Notes, the applicable Final Terms.

Words and expressions defined in "*Terms and Conditions of the Notes*" below shall have the same meanings in this overview.

Issuer	Vattenfall AB (publ), Swedish Reg. No. 556036-2138
Legal Entity Identifier (LEI)	549300T5RZ1HA5HZ3109.
Description	Euro Medium Term Note Programme
Size	Up to EUR10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time
Arranger	Deutsche Bank AG, London Branch
Dealers	Citigroup Global Markets Limited Deutsche Bank AG, London Branch Nordea Bank Abp The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme.
Fiscal Agent	Citibank, N.A., London Branch
Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**").
Green Bonds	The Issuer may issue Notes for the purpose of using the proceeds for certain eligible green projects in accordance with the terms of a green bond framework, which shall be published on its website (corporate.vattenfall.com/investors/funding/debt-issuance-programmes-and-credit-facilities) in connection with such issuance (the "**Green Bond Framework**"). The Green Bond Framework is applicable to a specific Tranche of Notes as

	specified in the applicable Final Terms. The Green Bond Framework may be amended and updated from time to time and no amendments or updates after the relevant issue date will affect Notes already issued. Furthermore, any failure by the Issuer to use the proceeds of Notes in accordance with the applicable Green Bond Framework or to otherwise comply with the applicable Green Bond Framework will not constitute an event of default under the Notes or entitle Noteholders to request an early redemption or repurchase of the Notes.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined in "*Overview of the Programme – Selling Restrictions*" below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".
Clearing Systems	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Initial Delivery of Notes	On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or the Global Certificate evidencing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer.
Maturities	Subject to compliance with all relevant laws, regulations and directives and unless previously redeemed or cancelled, such maturities as may be agreed between the Issuer and the relevant Dealer.
Specified Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency).
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to the Reference Rate set out in the Final Terms as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Benchmark Discontinuation	If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer may (subject to the Conditions and following consultation with an Independent Adviser) determine a Successor Rate, failing which an Alternative Rate and in either case, an Adjustment Spread if any and any Benchmark Amendments.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less

	than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of the Notes	The Notes will be direct, unconditional, (subject to the provisions of Condition 3(a)) unsecured and unsubordinated obligations of the Issuer and (subject as aforesaid) will at all times rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge	The terms of the Notes will contain a negative pledge provision as described in Condition 3(a).
Ratings	The Issuer has been rated A3 (Senior Unsecured) and Baa1 (Subordinated) by Moody's and BBB+ (Senior Unsecured) and BBB (Subordinated) by S&P. Each of Moody's and S&P is established in the European Union and is registered under the CRA Regulation. As such, each of Moody's and S&P is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption	Except as provided in "*Overview of the Programme – Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes – Redemption, Purchase and Options*".
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Sweden, as the case may be, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Notes – Taxation*".
Governing Law	Swedish law.
Listing	If listing is specified in the relevant Final Terms, the Issuer shall apply to list the Tranche of Notes at the specified listing venue.

Selling Restrictions

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, Belgium and France), Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*" below.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) ("**TEFRA D**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) ("**TEFRA C**") or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could adversely affect its businesses and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

References to the "**Group**" herein shall mean the Issuer and its subsidiaries taken as a whole. All references in this Prospectus to "**SEK**" refer to Swedish kronor, those to "**U.S. dollars**", "**U.S.$"** and "**$**" refer to United States dollars, those to "**Sterling**" and "**£**" refer to pounds sterling, those to "**CHF**" refer to Swiss Francs, those to "Yen" refer to Japanese Yen and those to "**EUR**", "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union as amended. All references in this Prospectus to "**U.S.**" refer to the United States of America.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

The changes to the overall economy along with regulatory changes in the Group's principal markets could have a significant adverse effect on the Group's businesses and profitability. In addition, new production capacity – in particular from renewable energy sources – has been added. This could lead to an oversupply resulting in falling wholesale electricity prices and pressure on production margins. This could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Financial risk

Electricity price risk

Electricity price risk refers to the risk of fluctuations in electricity prices. Electricity prices are affected by fundamental factors such as supply (including water levels and available generation and transmission capacity), demand (electricity use, which in turn is affected by the weather and the economy), fuel prices and the price of CO_2 emission allowances.

The Group is exposed to an electricity price risk, both in its electricity generation activities and in its sales activities. A downturn in electricity prices could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Fuel and CO_2 emission allowances price risk

Fuel price risk relates to the fluctuations in the prices for electricity generation fuel (such as coal, gas and uranium) on the various commodity markets. The fuel price is determined by several factors, including supply and demand. The Group is also exposed to prices for CO_2 emission allowances. The Group's operating profits

are partly dependent on the fuel price and the price of CO_2 emission allowances, and an increase in the fuel price or the price of CO_2 emission allowances, particularly in respect of hard coal-fired and gas-fired electricity generation, may adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Volume risk

Volume risk relates to the risk for deviations between anticipated and actual delivered volume. Fluctuations in electricity generation volumes arise for example in hydro power, in which the volumes generated depend on, among other things, precipitation and snowmelt. Volume risk also arises in sales activities as deviations in anticipated versus actual volumes delivered to customers. If the Group's analysis or forecast proves to be incorrect, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Credit risk

Credit risk refers to the risk of loss due to non-delivery or partial delivery by a counterparty of the agreed considerations for services rendered and/or a counterparty's total or partial failure to make payments owing on existing accounts receivable. Credit risk arises in all parts of the Group's operations. If the Group does not succeed in managing its credit risk, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Liquidity risk

Market liquidity risk refers to the risk of not being able to pursue the price hedging strategy, for example, due to insufficient liquidity in the electricity and fuel markets. Liquidity risk also pertains to the risk of the Group not being able to finance its capital needs or that these needs cannot be financed on terms acceptable to the Group. If any of these risks materialise, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will have an adverse impact on the Group's net interest items. The effects of a change in interest rates on net interest items depend on the fixed or floating interest terms of assets and liabilities. Interest rate risk arises in two ways, (i) where the Group has invested in interest-bearing assets, the value of which change when the interest rate changes, and (ii) where the cost of the Group's borrowings fluctuates when the general market interest rate changes. The Group's interest rate risk arises mainly from its borrowings and the Group quantifies the interest rate risk in its debt portfolio in terms of duration, which describes the average term of fixed interest rates. There is a risk that the Group will fail to successfully implement measures to reduce its exposure to interest rate changes, which could lead to it becoming particularly sensitive to any interest rate volatility or have a less efficient financing structure in place. This could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Currency risk

Currency risk is the risk that currency exchange rate fluctuations will have an adverse effect on the Group's cash flow, income statement or balance sheet. The Group is exposed to currency risk when sales and purchases are conducted in different currencies which affect future cash flows (transaction exposure) and in the revaluation of net assets in foreign subsidiaries (translation or balance sheet exposure), with the Group's largest exposure being EUR. Currency exchange rate fluctuations could adversely affect the Group's

business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Operational risk

In the course of its operations, the Group is exposed to a range of operational risks, such as in plants, infrastructure, personnel and organisation. These risks are described below.

Operational asset risk

The Group's largest operational asset risks are associated with the operation of power generation and heat production plants. Nuclear power safety and dam safety are also areas entailing operational asset risks. Risks associated with operational assets concern not only electricity generation but also damage to machinery and damage to distribution networks. If there were an operational failure in respect of the power plants or dams, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Security risks

As part of the Group's business, the Group deals with various technologies (including with respect to energy production and distribution) but also sensitive personnel and client information. Hence, the Group is exposed to the risk of data loss, leak of sensitive information and disruptions in the IT-systems, due to, among other things, inadequate software and/or hardware, malware attacks or fraud. If any of these risks materialise it could result in a loss of business or client liability, which in turn could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Supplier risk

The Group's business is dependent on deliveries from third parties in accordance with agreed requirements relating to, for example, quantity, quality and delivery times. Supplier risk is the risk of delays of, or interruptions in, delivery by suppliers, deficiencies in codes of conduct for suppliers or other defaults by suppliers, and could result in disruptions in the Group's operations. If this risk materialises, it could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Personnel risk

There are risks involved in certain aspects of work in the energy sector for the Group's personnel. For example certain of the Group's employees are working with dangerous machinery and equipment, which require the production sites to maintain a high level of safety procedures. The Group is exposed to the risk that safety procedures are inappropriate or insufficient, which in turn may result in health and safety risks and the risk of employees being injured. This could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Legal risk

The Group operates in the private as well as the public domain, with business ranging from private contracts with suppliers to the supply of energy to the general public and operates in various jurisdictions with different business requirements and laws. The Group is thereby exposed to legal risks across a wide area, including risks of litigation, fines and claims, governance and compliance related issues as well as risks related to contracts and permits. The Group may become exposed to legal liabilities which could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Tax risk

The Group operates in a number of countries and is exposed to the risk that its interpretation of applicable tax laws, treaties, regulations and administrative practices is inaccurate or that tax legislation or practices may change, potentially with retroactive effect. Decisions of tax authorities could change the Group's previous or current tax situation, which could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Strategic risk

The Group is exposed to a range of different factors affecting the energy sector that are difficult to influence, including the risk for changes in political policies, public opinion, regulations and choice of technology, which may affect the Group's operations and financial performance. As an example, a continued technological development in the supply chain for wind power is a precondition for continued cost reductions in the industry. There are also risks related to the environment where the Group's operations may have an impact, for example connected to the final repository for spent nuclear fuel. These strategic risks could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Political risk

The energy sector is highly regulated which requires the Group to conduct active business intelligence. If public policies or regulations change to the detriment of the Group, for example potential changes to regulated tariffs in the distribution operations and potential changes of subsidy frameworks for renewable energy, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Regulatory risk

The Group is exposed to a risk of regulatory changes since its operations are governed by various political regulations and frameworks. The Group's wind power operations are exposed to regulatory risks in relation to tender processes and subsidy frameworks. These and any further regulations and frameworks resulting from the European Union's climate and energy frameworks to reduce greenhouse gas emissions and achieve a sustainable, competitive and secure energy system could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Investment risk

The Group is a highly capital-intensive business with an extensive investment programme. Investment risk refers to the risk of the Group not being able to find suitable investments or that the Group is unable to obtain the necessary financing for future investments on terms acceptable to the Group. The execution of investments also implies risks, for example, in terms of unexpected increased investment costs or that the return of investments are lower than estimated. If the Group incorrectly manages or plans its capital investment programme or is unable to fund its capital investment programme, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Integrity risk

The two greatest integrity risks the Group has identified are (i) non-compliance with competition laws and (ii) corruption. The size of the Group, with millions of customers and 25,000 suppliers, makes the Group exposed to integrity risk across a wide area. If any integrity risk materialises, this could adversely affect the

Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Competition risk

The Group's operations are exposed to competition to various degrees. Competition in European renewable energy projects has intensified and the cost of renewable generation has reduced dramatically, leading to the first subsidy-free bids in auctions. Within decentralised solutions and new businesses, there is a growing number of niche players across the energy value chain, as well as companies from other sectors taking more space in the market, leading to increased competition. If the competition intensifies and the Group fails to adequately respond to such a change, this could adversely affect the Group's business, earnings and financial position and may impact the Issuer's ability to make payments in respect of the Notes.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market in, and the market value of, the Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have an adverse effect on any Notes referencing such a "benchmark".

Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**BMR**") was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The BMR applies to the provision of benchmarks, the contribution of input data to a Benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The BMR could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority ("**FCA"**) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**ESTR**") as the new risk free rate. ESTR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have the following effects on certain "benchmarks": (i) discouraging market participants from continuing to administer or contribute to the "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have an adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon, a "benchmark".

The Conditions of Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an Original Reference Rate and/or any page on which an Original Reference Rate may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (if any), as applicable, are no longer permitted lawfully to calculate interest on any Notes by reference to such an Original Reference Rate under the BMR or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Conditions), with or without the application of an Adjustment Spread and may include amendments to the Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer after consultation with an Independent Adviser (acting in good faith and in a commercially reasonable manner). An Adjustment Spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an adjustment is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to investors. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, the Issuer is unable to appoint an Independent Adviser or no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the BMR or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the

greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes issued with reference to the Issuer's Green Bond Framework

The Final Terms relating to a specific Tranche of Notes may specify that the Issuer's green bond framework (to be published on the Issuer's website (corporate.vattenfall.com/investors/funding/debt-issuance-programmes-and-credit-facilities)) (the "**Green Bond Framework**") applicable at the relevant Issue Date is applicable to the Notes, and that the proceeds from the offer of such Notes will therefore be applied in accordance with the Issuer's Green Bond Framework. There is a risk that the use of such proceeds or the terms of such Notes will not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Each investor should obtain up to date information about risks and principles applicable to such Notes, since these risks and principles change over time.

In addition, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" project or as to what precise attributes are required for a particular project to be defined as "green", and there is a risk that no clear definition or consensus will develop over time. Accordingly, there is a risk that any uses of Notes issued with reference to the Issuer's Green Bond Framework may not meet investor expectations regarding "green" performance objectives and that adverse environmental, social and/or other impacts will occur during the use of such proceeds.

Both the Green Bond Framework and market practice may change over time, which might lead to changes in the conditions for future issuances of Notes issued with reference to the Issuer's Green Bond Framework. Any amendments or updates to the Green Bond Framework or changes in market practice after the relevant Issue Date will not affect Notes that have already been issued.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market, there is a risk that such listing or admission does not satisfy any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. There is also a risk that any such listing or admission to trading will not be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will not be maintained during the life of the Notes.

Furthermore, there is a risk that the Issuer may fail to comply with the Green Bond Framework applicable to the relevant Notes. However, any such failure will not constitute an Event of Default under the Notes, meaning that Holders of such Notes will not be entitled to request an early redemption or repurchase of the relevant Notes or any other compensation.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The Conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and to obtain Written Resolutions on matters relating to the Notes from

Noteholders without calling a meeting. A Written Resolution signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series (as defined herein) who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Agency Agreement and whose Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Notes are held in global form in the Clearing Systems, the Issuer will be entitled to rely upon:

(i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series for the time being outstanding; and

(ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer by accountholders in the clearing systems with entitlements to such global note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and the Issuer has taken reasonable steps to ensure such holding does not alter following the given of such consent/instruction and prior to effecting such resolution.

A Written Resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Agency Agreement, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Issuer may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 10.

The Notes may be subject to withholding taxes.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in Noteholders receiving less interest than expected and could significantly adversely affect their return on the Notes.

The value of the Notes could be adversely affected by a change in Swedish law or administrative practice.

The conditions of the Notes are based on and governed by Swedish law in effect as at the date of this Prospectus. There is a risk that judicial decisions or changes to Swedish law or administrative practice after the date of this Prospectus could adversely impact the value of any Notes affected by it.

Investors who hold Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a nominal amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a nominal amount of Notes such that its holding amounts to the minimum Specified Denomination.

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes and may be lowered or withdrawn.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. If any rating assigned to the Notes or the Issuer is lowered, suspended, withdrawn or not maintained by the Issuer, there may be an adverse effect on the market value of the Notes.

Hedging positions of Dealers may adversely affect future trading prices of Notes.

Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. There is a risk that any such positions could adversely affect future trading prices of Notes issued under the Programme.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in new global Note ("**NGN**") form or to be held under the New Safekeeping Structure ("**NSS**") (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGN form**") and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or evidenced by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note or the registered holder of the Global Certificate, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). In relation to Notes represented by a Global Note or evidenced by a Global Certificate, payments made in respect of such Notes by or on behalf of the Issuer to or to the order of Euroclear or Clearstream, Luxembourg, as the case may be, and otherwise in accordance with these Conditions shall to that extent be a good discharge to the Issuer (including whether or not in circumstances

where the corresponding entries have not yet been made in the records of Euroclear or Clearstream, Luxembourg as the case may be.

3 Provisions relating to Notes in Global Form

The terms and conditions of the Notes set out in this Prospectus contain certain provisions that apply to Notes that are represented by a Global Note or evidenced by a Global Certificate. In addition, the temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent or evidence (as applicable), some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

3.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or evidenced by the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(i) (*Non-Business Days*).

All payments in respect of Notes evidenced by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the "**record date**" which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which Euroclear and Clearstream, Luxembourg are operating.

Payments so made in respect of such Notes by or on behalf of the Issuer to or to the order of the holder of the Global Note or the person whose name is entered on the Register at the close of business on the record date, and otherwise in accordance with these Conditions shall to that extent be a good discharge to the Issuer (including in circumstances where the corresponding entries have not yet been made in the records of Euroclear or Clearstream, Luxembourg as the case may be). Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

3.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

3.3 Meetings

The holder of a permanent Global Note or of the Notes evidenced by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents or evidences (as applicable) only one Note) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. If resolutions of the Noteholders shall be made by way of a meeting or by means of a vote without a meeting, the convening notice or the request for voting, as applicable, will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the convening notice or the request for voting, as applicable. The exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with the Conditions in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

3.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

3.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

3.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes represented by a permanent Global Note which is a NGN, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

3.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under

the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

3.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

3.9 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. So long as Notes are represented by a Global Note or evidenced by a Global Certificate the relevant notice from a Noteholder shall be delivered to the Fiscal Agent together with evidence by means of a certificate of the relevant Noteholder's Custodian that such Noteholder is at the time of giving the written notice, the holder of a co-ownership interest in the relevant Notes and the extent thereof.

3.10 Notices

So long as any Notes are represented by a Global Note or evidenced by a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by it to Noteholders.

4 Exchange

4.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Final Terms indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

4.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 4.3 below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so. If a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

4.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be evidenced by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes evidenced by any Global Certificate pursuant to Condition 2(b) may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 4.3(i) or 4.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

4.5 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

5 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Noteholders holding a co-ownership interest in not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (i) by accountholders in the clearing system(s) with entitlements to such Global Note or Global Certificate and/or, (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the "**relevant clearing system**") and in the case of (ii) above, the relevant clearing system and the relevant Custodian identified as accountholder identified by the relevant clearing system for the purposes of (ii) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders and holders of Coupons and Talons, whether or not they participated in such Written Resolution and/or Electronic Consent.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Euro Medium Term Note Programme of the Issuer (the "**Programme**").*

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 18 April 2018 between Vattenfall AB (publ) (the "**Issuer**"), Citibank, N.A., London Branch as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. A copy of the Agency Agreement is available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

As used in these terms and conditions (the "**Conditions**"), a "**Series**" means a series of Notes comprising one or more Tranches (as defined below), whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number. "**Tranche**" means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical. "**Final Terms**" means, in relation to a Tranche, the final terms document issued by the Issuer specifying the relevant issue details of such Tranche.

References to Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer.

These terms and conditions shall apply to Notes represented by a Global Note, in the case of Bearer Notes, or evidenced by a Global Certificate, in the case of Registered Notes (each as defined below) as well as Notes in definitive form; unless otherwise specified, the provisions relating to the Global Note or Global Certificate, as the case may be, shall supersede the provisions relating to definitive Notes.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) set out in the applicable Final Terms. The minimum Specified Denomination of Notes issued under the Programme shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis set out in the applicable Final Terms.

Bearer Notes will be represented on issue by a temporary global note (a "**Temporary Global Note**") held by the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg which is exchangeable for interests in a permanent global note (a "**Permanent Global Note**"), or by a Permanent Global Note held by the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg. The Permanent Global Note is exchangeable for definitive notes in accordance with its terms and shall represent the aggregate nominal amount of the Notes outstanding (together with a Temporary Global Note, each being a "**Global Note**").

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes will be evidenced on issue by a global certificate registered in the name of a nominee for a common depositary or a common safekeeper for Euroclear and Clearstream, Luxembourg (a "**Global Certificate**") which shall evidence the aggregate nominal amount of the Notes outstanding. If Registered Notes are not evidenced by a Global Certificate, they shall be evidenced by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall evidence the entire holding of Registered Notes by the same Noteholder. References to Certificates herein shall, unless the context otherwise requires, be deemed to include a reference to a Global Certificate.

The nominal amount of Notes represented by a Global Note or evidenced by a Global Certificate shall be the aggregate amount from time to time entered in the records of both Euroclear or Clearstream, Luxembourg. The records of Euroclear or Clearstream, Luxembourg (which expression means the records that each of Euroclear or Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by the Global Note or evidenced by the Global Certificate, as the case may be, and, for these purposes, a statement issued by Euroclear or Clearstream, Luxembourg stating the nominal amount of Notes so represented at any time shall be conclusive evidence of the records of Euroclear or Clearstream, Luxembourg at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note or evidenced by the Global Certificate the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note or Global Certificate shall be entered *pro rata* in the records of Euroclear or Clearstream, Luxembourg and, upon any such entry being made, the nominal amount of the Notes recorded in the records of Euroclear or Clearstream, Luxembourg and represented by the Global Note or evidenced by the Global Certificate, as the case may be, shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such installment so paid.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of Euroclear or Clearstream, Luxembourg.

In these Conditions:

"**Noteholder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes; and

"**holder**" (in relation to a Note, Coupon or Talon) means any Noteholder or holder of a proportionate co-ownership or other beneficial interest or right in the Coupons or Talons, except in relation to a Global Note or Global Certificate, in which case it means the common depositary or the common safekeeper (or a nominee

thereof) acting, and holding, the Global Note or the Global Certificate, for Euroclear and Clearstream, Luxembourg, on behalf of Noteholders as applicable.

Capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Notes

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Notes**:

(i) Notwithstanding Condition 2(e) (in the case of Registered Notes only), transfers of the ownership interests in Global Notes, in the case of Bearer Notes, or Registered Notes evidenced by a Global Certificate, will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests, and the book-entries made by Euroclear or Clearstream, Luxembourg (as the case may be) to effect such transfers shall be deemed to constitute notice to the Issuer of the relevant transfers. For the avoidance of doubt, ownership interests in a Global Note or in Registered Notes evidenced by a Global Certificate will constitute each Noteholder's proportionate co-ownership of the Global Note or the Registered Notes evidenced by a Global Certificate, as applicable.

An ownership interest in a Global Note or in Registered Notes evidenced by a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Notes in definitive form or for an ownership interest in another Global Note or a Registered Note evidenced by a Global Certificate, as the case may be, only in the Specified Denominations set out in the Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the provisions of the Agency Agreement.

(ii) Title to the Bearer Notes in definitive form, the Coupons and Talons shall pass by delivery. One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**") will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Extraordinary Resolution of Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes evidenced by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfers Free of Charge**: Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**: No Noteholder (or Custodian (as defined below) or other person acting on behalf of a Noteholder) may require the transfer of a Registered Note to be registered (i) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes and the Coupons relating to them constitute direct, unconditional (subject to Condition 4) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, subject to Condition 4, at all times rank at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement) the Issuer will not itself, create or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the

whole or any part of its present or future undertaking or assets present or future, to secure any existing or future Securities of itself or another (or to secure any guarantee or indemnity in respect thereof) without in any such case at the same time according to the Notes and the Coupons either the same security as is granted to or is outstanding in respect of such Securities (or such guarantee or indemnity in respect thereof) or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In this Condition, "**Securities**" means any loan or other indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other securities which are or are to be quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) **Interest on Floating Rate Notes**:

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either set out in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are set out in such Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in such Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms

(y) the Designated Maturity is a period specified in the applicable Final Terms and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

(x) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time in the Relevant Financial Centre on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Specified Time in the Relevant Financial Centre, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time in the Relevant Financial Centre on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time in the Relevant Financial Centre on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) or the Copenhagen inter-bank market (if the Reference Rate is CIBOR) or the Tokyo inter-bank market (if the Reference Rate is TIBOR) or the Sydney inter-bank market (if the reference rate is AFMA BBSW) or the Warsaw inter-bank market (if the reference rate is WIBOR) or the Hong Kong inter-bank market (if the reference rate is HIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time in the Relevant Financial Centre, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) or the Copenhagen inter-bank market (if the Reference Rate is CIBOR) or the Tokyo inter-bank market (if the Reference Rate is TIBOR) or the Sydney inter-bank market (if the reference rate is AFMA BBSW) or the Warsaw inter-bank market (if the reference rate is WIBOR) or the Hong Kong inter-bank market (if the reference rate is HIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the applicable Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation

by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

In this Condition, "**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding**:

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(f) **Calculations**: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

For so long as the Notes are represented by a Global Note or evidenced by a Global Certificate, interest shall be calculated as set out above, save that the calculation is made in respect of the total aggregate amount of the Notes outstanding.

(g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres, a day on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively, or if no currency is indicated, generally in each of the Business Centres;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" or "**Sterling/FRN**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" **or** "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction}=\frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction}=\frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified in the applicable Final Terms,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

"**Interest Accrual Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms;

"**Interest Determination Date**" means the date specified in the applicable Final Terms or if none is so specified:

(i) if the Reference Rate is the London interbank offered rate ("**LIBOR**") (other than Sterling), the second London business day prior to the start of each Interest Period;

(ii) if the Reference Rate is Sterling LIBOR, the first day of such Interest Period;

(iii) if the Reference Rate is the Euro-zone interbank offered rate ("**EURIBOR**"), the second TARGET Business Day prior to the start of each Interest Period;

(iv) if the Reference Rate is the Stockholm interbank offered rate ("**STIBOR**"), the second Stockholm business day prior to the start of each Interest Period;

(v) if the Reference Rate is the Norwegian interbank offered rate ("**NIBOR**"), the second Oslo business day prior to the start of each Interest Period;

(vi) if the Reference Rate is the Copenhagen interbank offered rate ("**CIBOR**"), the second Copenhagen business day prior to the start of each Interest Period;

(vii) if the Reference Rate is the Tokyo interbank offered rate ("**TIBOR**"), the second Tokyo business day prior to the start of each Interest Period;

(viii) if the Reference Rate is the Sydney interbank offered rate ("**AFMA BBSW**"), the first day of each Interest Period;

(ix) if the Reference Rate is the Warsaw interbank offered rate ("**WIBOR**"), the second Warsaw business day prior to the start of each Interest Period; and

(x) if the Reference Rate is the Hong Kong interbank offered rate ("**HIBOR**"), the first day of each Interest Period;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified in the applicable Final Terms;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms;

"**Reference Banks**" means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (iii) in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market, (iv) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market, (v) in the case of a determination of CIBOR, the principal Copenhagen office of four major banks in the Copenhagen inter-bank market, (vi) in the case of a determination of TIBOR, the principal Tokyo office of ten major banks in the Tokyo inter-bank market, (vii) in the case of a determination of AFMA BBSW, the principal Sydney office of four major banks in the Sydney inter-bank market, (viii) in the case of a determination of WIBOR, the principal Warsaw office of five major banks in the Warsaw inter-bank market, and (ix) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Issuer following consultation with a leading investment bank which is an active market participant in the relevant market;

"**Reference Rate**" means (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR, (v) CIBOR, (vi) TIBOR, (vii) AFMA BBSW, (viii) WIBOR and (ix) HIBOR, in each case for the relevant period, as specified in the applicable Final Terms;

"**Relevant Financial Centre**" means (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a termination of EURIBOR, (iii) Stockholm, in the case of a determination of STIBOR, (iv) Oslo, in the case of a determination of NIBOR, (v) Copenhagen, in the case of a determination of CIBOR, (vi) Tokyo, in the case of a determination of TIBOR, (vii) Sydney, in the case of a determination of AFMA BBSW, (viii) Warsaw, in the case of a determination of WIBOR and

(ix) Hong Kong, in the case of a determination of HIBOR, each as specified in the applicable Final Terms;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Time**" means (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of STIBOR, 11.00 a.m., (iv) in the case of NIBOR, 12.00 noon, (v) in the case of CIBOR, 11.00 a.m., (vi) in the case of TIBOR, 11.00 a.m., (vii) in the case of AFMA BBSW, 10.10 a.m., (viii) in the case of WIBOR, 11.00 a.m., and (ix) in the case of HIBOR, 11.00 a.m., in each case, in the Relevant Financial Centre;

"**Specified Currency**" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(i) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) Benchmark Discontinuation

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(j)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(j)(iii)) and any Benchmark Amendments (in accordance with Condition 5(j)(iv)).

An Independent Adviser appointed pursuant to this Condition 5(j) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(j).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(j)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(j)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)).

(iii) *Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(j) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(j)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5(j)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(j) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(j); and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(j)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 5(b)(iii)(B)(y) and (z) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 5(j)(v).

(vii) *Definitions*:

As used in this Condition 5(j):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged);

(iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

"**Alternative Rate**" means an alternative to the Reference Rate which the Issuer determines in accordance with Condition 5(j)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(j)(iv).

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or

(v) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 5(j)(i).

"**Original Reference Rate**" means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a Reference Rate:

(i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6 Redemption, Purchase and Options

(a) **Final Redemption**: Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided in the applicable Final Terms, is its nominal amount).

(b) **Early Redemption**:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is set out in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction set out in the applicable Final Terms.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than any Zero Coupon Note or any Note which is redeemed pursuant to Condition 6(d) where the relevant redemption amount is expressed to be the Sterling Make-Whole Redemption Amount or Make-Whole Redemption Amount), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note or, at any time, (if this Note is not a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice as specified in the applicable Final Terms to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent (to make available for inspection by Noteholders at its specified office) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer**: If Call Option is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period nor more than the maximum period of notice as specified in the applicable Final Terms to the Noteholders (which notice shall be irrevocable) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Final Terms (which may be the Early Redemption Amount (as described in Condition 6(b) above) or the Sterling Make-Whole Redemption Amount or Make-Whole Redemption Amount (as described below)), together with interest accrued to the date fixed for redemption. Any such redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

If Sterling Make-Whole Redemption Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date(s): (i) the nominal amount of the Note; and (ii) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer by the Determination Agent) expressed as a percentage (with 0.000005 of a percentage point being rounded up) at which the Gross Redemption Yield on the Notes at the Determination Time specified in the applicable Final Terms on the Determination Date specified in the applicable Final Terms (or, where the Determination Agent advises the Issuer that, for reasons of illiquidity or otherwise, such Reference Stock is not appropriate for such purpose, such other government stock as such Determination Agent may recommend) plus any applicable Margin specified in the applicable Final Terms.

If Make-Whole Redemption Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date(s): (i) the nominal amount of the Note; and (ii) the sum of the then present values of the remaining

scheduled payments of principal and interest, discounted to the Optional Redemption Date on an annual basis (based on the Day Count Fraction specified in the applicable Final Terms) at the Reference Dealer Rate (as defined below), plus any applicable Margin specified in the applicable Final Terms, in each case as determined by the Determination Agent.

Any such redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the Noteholder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

In this Condition 6(d):

"**Determination Agent**" means a financial adviser or bank which is independent of the Issuer appointed by the Issuer for the purpose of determining the Make-Whole Redemption Amount and the Sterling Make-Whole Redemption Amount;

"**Gross Redemption Yield**" on the Notes and the Reference Stock will be expressed as a percentage and will be calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published on 8 June 1998 and updated on 15 January 2002 and as further updated or amended from time to time) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places);

"**Reference Dealer Rate**" means with respect to the Reference Dealers and the Optional Redemption Date, (a) if the Reference Bond is still outstanding, (i) the average of the five quotations of the mid-market annual yield to maturity of the Reference Bond specified in the applicable Final Terms, (ii) if the Determination Agent obtains fewer than five, but more than one, such quotations, the average of all such quotations, or (iii) if only one such quotation is obtained, the amount of that quotation; or (b) if the Reference Bond is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers, at the Quotation Time specified in the applicable Final Terms on the Determination Date specified in the applicable Final Terms quoted in writing to the Issuer and the Determination Agent by the Reference Dealers; and

"**Reference Dealers**" means those Reference Dealers specified in the applicable Final Terms.

(e) **Redemption at the Option of Noteholders**: If Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of each Noteholder, upon the relevant Noteholder giving not less than the minimum period nor more than the maximum period of notice as specified in the applicable Final Terms to the Issuer (which notice shall be irrevocable) (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the applicable Final Terms (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the relevant Noteholder must procure the deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For so long as a Bearer Note is represented by a Global Note, the option of the Noteholders provided for in this Condition 6(e) in respect of such Note shall be exercised by the holder of the Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in this Condition 6(e) substantially in the form of the redemption notice available from any Paying Agent and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Global Note to the Fiscal Agent for notation accordingly. The holder of the Global Note shall exercise each such notice upon receipt of instructions from the relevant Noteholder(s) submitted by or on behalf of such Noteholder(s) in accordance with the procedures of Euroclear and Clearstream, Luxembourg.

For so long as a Registered Note is evidenced by a Global Certificate, the option of the Noteholders provided for in this Condition 6(e) in respect of such Note shall be exercised by the registered holder of the Global Certificate giving notice to the Transfer Agent or the Registrar within the time limits set out in this Condition 6(e) substantially in the form of the redemption notice available from the Transfer Agent or the Registrar and stating the nominal amount of Notes in respect of which the option is exercised. The registered holder of the Global Certificate shall exercise each such notice upon receipt of instructions from the relevant Noteholder(s) submitted by or on behalf of such Noteholder(s) in accordance with the procedures of Euroclear and Clearstream, Luxembourg.

(f) **Purchases**: The Issuer and its Subsidiaries (as defined in the Agency Agreement) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Any Notes so purchased may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation. For long as a Bearer Note is represented by a Global Note, Notes may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

(g) **Cancellation**: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate evidencing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

In the case of cancellation of Notes represented by a Global Note, in the case of Bearer Notes, or evidenced by a Global Certificate, in the case of Registered Notes, the nominal amount of the Global Note or Global Certificate, as the case may be, will be reduced accordingly.

(h) **Late Payment on Zero Coupon Notes**: If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph Condition 6(a), Condition 6(c), Condition 6(d) or Condition 6(e) above or upon its becoming due and repayable as provided in

Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 14 or individually.

7 Payments and Talons

(a) **Bearer Notes**:

(i) Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(g)(v)) or Coupons (in the case of interest, save as specified in Condition 7(g)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(ii) Payments of principal and interest in respect of Bearer Notes represented by a Global Note shall be paid to or to the order of the holder of the Global Note against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of the Fiscal Agent in respect of the Notes (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose) which shall endorse such payment or cause such payment to be endorsed in the appropriate schedule thereto (such endorsement being prima facie evidence that the payment in question has been made) or cause the records of Euroclear and/or Clearstream, Luxembourg to be updated, as appropriate, as the case may be, and such payments so delivered to or to the order of the holder of the Global Note shall be credited to the accounts of each relevant Custodian for onward payment to the Noteholders in accordance with the customary procedures of Euroclear and/or Clearstream, Luxembourg.

(b) **Registered Notes**:

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency to the holder (or to the first-named of joint holders) of such Note by way of bank deposit at the relevant Bank appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(iii) Notwithstanding the above, all payments in respect of Registered Notes evidenced by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register

at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which Euroclear and Clearstream, Luxembourg are operating and such payments so delivered shall be made to Euroclear or Clearstream, Luxembourg, as the case may be, or to its order for credit to the accounts of each relevant Custodian for onward payment to the Noteholders in accordance with the customary procedures of Euroclear and/or Clearstream, Luxembourg.

(c) **No set-off**: Save as otherwise required by applicable law, neither the Issuer nor any Noteholder shall be entitled to exercise any rights of set-off in respect of any Note.

(d) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) **Payments subject to Fiscal Laws**: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment. No commission or expenses in each case shall be charged to the holder of the Global Note, holder of the Global Certificate, the Noteholders or the Couponholders in respect of such payments.

(f) **Appointment of Agents**: The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions so require and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (d) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 14.

(g) **Unmatured Coupons and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional

Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note representing it or Certificate evidencing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it, or Certificate evidencing it, as the case may be.

(h) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(i) **Non-Business Days**: If any date for payment in respect of any Note or Coupon is not a business day, the Noteholder or Couponholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(i), "**business day**" means a day on which banks and foreign exchange markets are open for business in the relevant place of presentation (except in the case of Bearer Notes represented by a Global Note), in such jurisdictions as shall be specified as "**Financial Centres**" in the applicable Final Terms and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency (which if the relevant currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

(j) **Discharge**: In relation to Notes represented by a Global Note or evidenced by a Global Certificate, payments made in respect of such Notes by or on behalf of the Issuer to or to the order of the holder of the Global Note or the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, and otherwise in accordance with these Conditions shall to that extent be a good discharge to the Issuer (including in circumstances

where the corresponding entries have not yet been made in the records of Euroclear or Clearstream, Luxembourg as the case may be).

In these Conditions "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which a Noteholder, directly or indirectly, maintains a securities account in respect of the Notes and includes Euroclear or Clearstream, Luxembourg.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld, deducted or assessed by the Kingdom of Sweden or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Sweden other than the mere holding of the Note or Coupon; or

(b) **Declaration of non-residence**: to, or to a third party on behalf of, a Noteholder or Couponholder who would not be liable or subject to withholding or deduction by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to the relevant tax authority;

(c) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate evidencing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the "**Code**"), or otherwise imposed pursuant to sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement (any such withholding or deduction, a "**FACTA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FACTA Withholding.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to

it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, each Noteholder may give written notice to the Fiscal Agent at its specified office that its entire claims arising from the Note is immediately payable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(i) **Non-Payment**: default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment in the Specified Currency on the due date of interest or principal in respect of any of the Notes; or

(ii) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or

(iii) **Cross-Default**: (A) any other indebtedness for borrowed money of the Issuer or any Principal Subsidiary becomes due and repayable prematurely by reason of an event of default (however described), or (B) the Issuer or any Principal Subsidiary fails to make any payment in respect of any other indebtedness for borrowed money on the due date for payment as extended by any applicable grace period, or (C) any security given by the Issuer or any Principal Subsidiary for any other indebtedness for borrowed money becomes enforceable, or (D) if default is made by the Issuer or any Principal Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any other indebtedness for borrowed money of any other person, provided that no event mentioned in this paragraph (iii) shall constitute an Event of Default unless the indebtedness for borrowed money or other relative liability either alone or when aggregated with other indebtedness for borrowed money and/or other liabilities relative to all (if any) other events which shall have occurred and be at the relevant time outstanding shall amount to at least U.S.$50,000,000 (or its equivalent in any other currency); or

(iv) **Winding up**: any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any Principal Subsidiary save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Principal Subsidiaries, or (B) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred to a third party or parties (whether associated or not) for consideration received by the Issuer or a Principal Subsidiary on an arm's length basis, or (C) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary; or

(v) **Insolvency**: the Issuer or any Principal Subsidiary stops or threatens to stop payment of, or is unable to or admits inability to pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vi) **Enforcement Proceedings**: (A) proceedings are initiated against the Issuer or any Principal Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Principal Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 45 days; or

(vii) **Analogous Events**: the Issuer or any Principal Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

In the case of Notes represented by a Global Note or evidenced by a Global Certificate the relevant notice from a Noteholder shall be delivered to the Fiscal Agent together with evidence by means of a certificate of the relevant Noteholder's Custodian that such Noteholder is at the time of giving the written notice, the holder of a co-ownership interest in the relevant Notes and the extent thereof.

In these Conditions:

"**Auditor**" means the independent auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these presents, such other firm of accountants as may be nominated by the Issuer;

"**Generally Accepted Accounting Principles**" means (a) in relation to the consolidated financial statements of the Issuer and its consolidated Subsidiaries, International Financial Reporting Standards and (b) in relation to the Issuer and any of its Subsidiaries, generally accepted accounting principles, standards and practices in its jurisdiction of incorporation;

"**indebtedness for borrowed money**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (a) money borrowed, (b) liabilities under or in respect of any acceptance or acceptance credit or (c) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

"**Principal Subsidiary**" means at any time a Subsidiary of the Issuer:

(a) whose total net sales, attributable to the Issuer (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose Total Tangible Assets (defined below) consolidated in the case of a Subsidiary which itself has Subsidiaries represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated financial

statements of the Issuer and its consolidated Subsidiaries (determined in accordance with Generally Accepted Accounting Principles) relate, are equal to) not less than 15 per cent. of the consolidated total net sales, attributable to the Issuer and its consolidated Subsidiaries, or, as the case may be, consolidated Total Tangible Assets of the Issuer and its consolidated Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary (or, if such Subsidiary has no such audited financial statements, determined in accordance with Generally Accepted Accounting Principles) and the then latest audited consolidated financial statements of the Issuer and its consolidated Subsidiaries (determined as aforesaid), provided that:

(i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated financial statements relate, the reference to the then latest audited consolidated financial statements for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the Auditors; and

(ii) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated total net sales, attributable to the Issuer and consolidated Total Tangible Assets shall be determined on the basis of pro forma consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared and audited for this purpose by the Auditors or the auditors for the time being of the relevant Subsidiary; or

(b) to which is transferred the whole or substantially the whole of the business, undertaking or assets of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this sub-paragraph (b) on the date on which the consolidated financial statements of the Issuer and its consolidated Subsidiaries (determined as aforesaid) for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or before, on or at any time after such date by virtue of the provisions of this sub-paragraph (b).

For the purposes of this definition if there shall at any time not be any relevant audited consolidated financial statements of the Issuer and its consolidated Subsidiaries (determined as aforesaid), references thereto herein shall be deemed to refer to a consolidation by the Auditors of the relevant audited financial statements of the Issuer and its consolidated Subsidiaries (determined as aforesaid).

A report by the Auditors that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"**Total Tangible Assets**" means the aggregate of the book values of the property, plant and equipment of any company or group of companies as at any time and from time to time valued and disclosed in the most recent audited balance sheet or, as the case may be, audited consolidated balance sheet of such company or group of companies.

11 Meeting of Noteholders, Written Resolution and Modifications

(a) **Meetings of Noteholders**: The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or the Agency Agreement. Such a meeting may be convened by Noteholders holding a co-ownership interest in not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is set out in the applicable Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders (including the terms of this proviso) or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing a co-ownership interest in not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that (i) a resolution in writing signed by or on behalf of Noteholders with a co-ownership interest in not less than 75 per cent. of the aggregate nominal amount of Notes outstanding shall for all purposes be as valid (which may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders) or (ii) consents given by way of electronic consent through the Euroclear or Clearstream, Luxembourg as the case may be by or on behalf of Noteholders holding co-ownership interests in not less than 75 per cent. of the aggregate nominal amount of the Notes outstanding, shall, in any such case, be effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

In the case of Notes represented by a Global Note or evidenced by a Global Certificate, if resolutions of the Noteholders shall be made by way of a meeting the convening notice will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the relevant Custodian in accordance with Condition 16(c) in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

In the case of Notes represented by a Global Note or evidenced by a Global Certificate, if resolutions of the Noteholders shall be made by means of a vote without a meeting the request for voting will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the request for voting. The exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with Condition 16(c) in text form and by submission of a blocking instruction by the relevant Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

The consent or approval of the Noteholders shall not be required in the case of amendments to the Conditions pursuant to Condition 5(j) to vary the method basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 5(j), where the Issuer has delivered to the Fiscal Agent a certificate pursuant to Condition 5(j)(v).

For the purposes of voting on behalf of and at the direction of Noteholders, the holder of a Global Note or a Global Certificate, as the case may be, shall (unless the Global Note represents, or a Global Certificate evidences, only one Note) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each Specified Denomination of the Notes to be so voted.

(b) **Modification of Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) **Substitution**: The Issuer, or any previous substituted company, may at any time, without the consent of the holder, the Noteholders, the Couponholders or any other person, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any of any Subsidiary of the Issuer (the "**Substitute**"), provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a substitution agreement (the "**Substitution Agreement**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 9, and may take place only if (i) the Substitute shall, by means of the Substitution Agreement, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Substitution Agreement, the Notes, Coupons and Talons shall be unconditionally guaranteed by the Issuer by means of the Substitution Agreement, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Agreement, the Notes, Coupons and Talons represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Substitution Agreement of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) where the Substitute

is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the Kingdom of Sweden or any political sub division thereof or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the Substitute in terms corresponding to the provisions of Condition 8 with the substitution for (or, as the case may be, the addition to) the references to the Kingdom of Sweden of references to that other or additional territory in which the Substitute is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 7(b) shall be modified accordingly, (vi) the Issuer shall procure that the Substitute delivers to the Fiscal Agent a certificate signed by two Directors of the Substitute that the Substitute is solvent at the time at which the relevant transaction is proposed to be effected and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Substitution Agreement, and, where the Substitution Agreement contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14 Notices

14.1 For so long as the aggregate nominal amount of the Notes is represented by a Global Note, in the case of Bearer Notes, or evidenced by a Global Certificate, in the case of Registered Notes, held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by it to Noteholders in substitution for publication in the manner described in Condition 14.2 below. Any such

notice shall be given in English and shall be deemed to have been given on the business day after the date that such notice was given to Euroclear and/or Clearstream, Luxembourg.

14.2 Save in circumstances where Condition 14.1 applies:

14.2.1 notices required to be given to the holders of Registered Notes pursuant to these Conditions shall be given in English and mailed to them at their respective addresses in the Register and deemed to have been given on the second weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

14.2.2 notices required to be given to the holders of Bearer Notes pursuant to these Conditions shall be valid if published in English in the *Financial Times*

If any such publication is not practicable, notice required to be given pursuant to these Conditions shall be validly given if published in English in another leading daily newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. So long as the Notes are listed and/or admitted to trading, notices required to be given to the Noteholders pursuant to these Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading.

14.3 Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders relating to Bearer Notes in accordance with this Condition.

14.4 For so long as the Notes are represented by a Global Note, in the case of Bearer Notes, or evidenced by a Global Certificate, in the case of Registered Notes, notices to be given by any Holder of the Notes shall be given to the Fiscal Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. In other circumstances, notices to be given by any Holder of the Notes shall be in writing and given by lodging the same, together with any relevant Note or Notes, with the Fiscal Agent.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the bankruptcy or liquidation of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

16 Governing Law and Jurisdiction

(a) **Governing Law**: The Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Swedish law.

(b) **Jurisdiction**: The Courts of the Kingdom of Sweden are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The City Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance. The Issuer irrevocably submits to the jurisdiction of the courts of the Kingdom of Sweden and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and Couponholders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Enforcement**: Any Noteholder which holds Notes which are represented by a Global Note or evidenced by a Global Certificate may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in its own name its rights arising under or in connection with such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (A) stating the full name and address of the Noteholder, (B) specifying the aggregate nominal amount of Notes credited to such securities account on the date of such statement and (C) confirming that the Custodian has given written notice to Euroclear or Clearstream, Luxembourg as the case may be containing the information pursuant to paragraphs (A) and (B) above, and (ii) a copy of the Global Note or Global Certificate certified as being a true copy by the Fiscal Agent or the common depositary or common safekeeper for the Notes, without the need for production in such proceedings of the actual records or the Global Note or the Global Certificate, as the case may be, representing the Notes.

Each Noteholder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the proceedings.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **"MiFID II"**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **"distributor"**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**"EEA"**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **"Insurance Mediation Directive"**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **"PRIIPs Regulation"**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated [●]

Vattenfall AB (publ)
LEI: 549300T5RZ1HA5HZ3109
Issue of **[Aggregate Nominal Amount of Tranche] [Title of Notes]**
under the **EUR10,000,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated 29 May 2019 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [●].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date*.] Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date]

[and the supplement(s) to it dated [●]] which are incorporated by reference in the Prospectus dated [●]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated [●] [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement(s) to it dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [●]]. The Base Prospectus has been published on [●].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
	(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below [which is expected to occur on or about [*insert date*]]].]
2	Specified Currency or Currencies:	[Sterling/Euro/Swedish Kronor/Norwegian Krone/Danish Krone/Japanese Yen/Australian Dollar/New Zealand Dollar/Polish Złoty/Hong Kong Dollar/[●]]
3	Aggregate Nominal Amount:	[●]
	(i) Series:	[●]
	[(ii) Tranche:	[●]]
4	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5	(i) Specified Denominations:	[●] (or if the Notes are denominated in a currency other than euro, the equivalent amount of such currency).
	(ii) Calculation Amount:	[●]
6	(i) Issue Date:	[●]
	(ii) Interest Commencement Date	[*Specify/*Issue Date/Not Applicable]
7	Maturity Date:	[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]

8	Interest Basis:	[[●] per cent. Fixed Rate] [[●] month [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/TIBOR/AFMA BBSW/WIBOR/HIBOR] +/– [●] per cent. Floating Rate] [Zero Coupon] (See paragraph [13/14/15] below)
9	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount.
10	Change of Interest Basis:	[*Specify the date when any fixed to floating rate change occurs or refer to paragraphs 13 and 14 below and identify there*/Not Applicable]
11	Put/Call Options:	[Call Option] [Put Option] [(See paragraph 16/17 below)]
12	(i) Status of the Notes:	Senior
	(ii) Date [Board] approval for issuance of Notes obtained:	[●] (*N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[●] in each year
	(iii) Fixed Coupon Amount(s):	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA / Actual/365 (Fixed) / Actual/365 (Sterling)/Sterling/FRN / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual – ICMA]
	(vi) Determination Dates:	[[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual - ICMA*)/Not Applicable]

14	Floating Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[[●] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii) Specified Interest Payment Dates:	[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(iii) Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(iv) First Interest Payment Date:	[●]
	(v) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	(vi) Business Centre(s):	[London/ Stockholm/ Oslo/ Copenhagen/ Tokyo/ Sydney/ Auckland/ Warsaw/ Hong Kong/ [●]]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate/Determination/ISDA/Determination]
	(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[●]
	(ix) Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[[●]month [LIBOR/EURIBOR/ STIBOR/NIBOR/CIBOR/TIBOR/AFMA BBSW/WIBOR/HIBOR]]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	(x) ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	– ISDA Definitions	2006

	(xi) Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
	(xii) Margin(s):	[+/-][●] per cent. per annum
	(xiii) Minimum Rate of Interest:	[●] per cent. per annum
	(xiv) Maximum Rate of Interest:	[●] per cent. per annum
	(xv) Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)/Sterling/FRN] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
15	Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Day Count Fraction in relation to Early Redemption Amounts:	[Actual/Actual / Actual/Actual – ISDA / Actual/365 (Fixed) / Actual/365 (Sterling)/Sterling/FRN / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual – ICMA]
PROVISIONS RELATING TO REDEMPTION		
16	Call Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[[●] per Calculation Amount/Sterling Make-Whole Redemption Amount/Make-Whole Redemption Amount]
	(iii) Sterling Make-Whole Redemption	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A) Reference Stock:	[*Insert applicable Reference Stock*]
	(B) Determination Time:	[●]
	(C) Gross Redemption Yield:	[●]
	(D) Margin:	[●] per cent.
	(E) Determination Date:	[●]
	(iv) Make-Whole Redemption	[Applicable/Not Applicable]

			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Reference Bond:	[*Insert applicable Reference Bond*]
	(B)	Quotation Time:	[●]
	(C)	Margin:	[●]
	(D)	Determination Date:	[●]
	(E)	Reference Dealers:	[●]
(v)	If redeemable in part:		
	(a)	Minimum Redemption Amount:	[●] per Calculation Amount
	(b)	Maximum Redemption Amount:	[●] per Calculation Amount
(vi)	Notice period		
	(a)	minimum period:	[●] days
	(b)	maximum period:	[●] days
17	Put Option		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):		[●]
(ii)	Optional Redemption Amount(s) of each Note:		[●] per Calculation Amount
(iii)	Notice period:		
	(a)	minimum period:	[●] days
	(b)	maximum period:	[●] days
18	Final Redemption Amount of each Note		[●][Par] per Calculation Amount
19	Early Redemption Amount		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:		[●]/[Par] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] **Registered Notes:** [Regulation S Global Note (US$/€[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
21	New Global Note/New Safekeeping Structure:	[Yes] [No]
22	Financial Centre(s):	[Not Applicable][London/ Stockholm/ Oslo/ Copenhagen/ Tokyo/ Sydney/ Auckland/ Warsaw/ Hong Kong/ [●]]. [*Note that this paragraph relates to the date of payment, and not interest period end dates, to which sub-paragraph 14(vi) relates*]
23	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

Signed on behalf of Vattenfall AB (publ):

By: .....
Duly authorised

PART B – OTHER INFORMATION

1 **LISTING AND ADMISSION TO TRADING**

(i)	Admission to trading:	[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on [Nasdaq Stockholm/*specify others*]] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2 **USE OF PROCEEDS**

Use of Proceeds:	[For general corporate purposes]/[For eligible green projects in accordance with the Green Bond Framework (see paragraph 3 titled "*Green Bonds*" below)].

3 **GREEN BONDS**

Green Bonds:	[Applicable/Not Applicable] (*If applicable, include the below reference*) [The Green Bond Framework dated [*date*], as available on [*website*], is applicable to the Notes.]

4 **RATINGS**

Ratings:	[[The Notes to be issued [have been/are expected to be] rated]/[The Notes are not expected to be rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]: [S&P: [●]] [Moody's: [●]] [Fitch: [●]] [[Other]: [●]]

5 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

6 **[*Fixed Rate Notes only* – YIELD**

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7 **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]

CFI:	[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
FISN:	[See/[[*include code*] , as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8 **DISTRIBUTION**

(i) Method of distribution:	[Syndicated/Non-syndicated]

(ii)	If syndicated:	
	(A) Names of Managers:	[Not Applicable/*give names*]
	(B) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
(iii)	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(iv)	US Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA C/ TEFRA D/ TEFRA not applicable]

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or for eligible green projects in accordance with its Green Bond Framework, as specified in the applicable Final Terms.

DESCRIPTION OF THE GROUP

OVERVIEW

General and History

With effect from 1 January 1992 the Swedish State Power Board, Statens Vattenfallsverk, was converted from a public utility into a limited liability company, having been established under the name Vattenfall Aktiebolag in November 1990. The national high-voltage grid (together with its international connections) which was part of Statens Vattenfallsverk's operations, was not transferred but was demerged and incorporated into a new public utility, Svenska Kraftnät. With effect from 1 January 1995, the Issuer became a public limited company. The Issuer is registered (Sw. säte) in Solna, Sweden under registration number 556036-2138. The LEI code of the Issuer is 549300T5RZ1HA5HZ3109. It has its registered office at SE-169 92 Stockholm, Sweden, with its head office at Evenemangsgatan 13, SE-169 79 Solna, Sweden and its telephone number is +46 8 739 50 00.

Group vision and operations

The Issuer's assignment, from its owner, is to generate a market rate of return by operating an energy business that enables the Issuer to be among the leaders in developing environmentally sustainable energy production. The Group's vision is to be a dedicated partner to its customers and society at large, providing convenient and innovative energy solutions, while being a leader in sustainable production and ensuring a reliable and cost-efficient energy supply. The Group's ambition is to enable fossil-free living within one generation. The Group's main products are electricity, heat and gas. In electricity and heat, the Group works in all parts of the value chain: generation, distribution and sales. In gas, the Group is active in sales and storage. The Group is also engaged in energy trading. As at 31 December 2018 the Group had approximately 20,000 full time equivalent employees. The Issuer is the parent company of the Group and is 100 per cent. owned by the Swedish state. The Issuer's activities are conducted on a commercial basis with the Swedish state's involvement limited to the role of a shareholder. The Group's main markets are Sweden, Germany, the Netherlands, Denmark, and the United Kingdom.

The Group's operations consist largely of production of electricity and heat; distribution of electricity and heat; and sales of electricity, gas and heat, each of which involves slightly varying business models.

Production of electricity and heat is conducted with various types of energy sources as input. Electricity and heat production are competitive businesses and the marginal cost per produced unit is the most important competitive factor.

Distribution of electricity is a regulated and legally unbundled business where revenue frameworks are set by the regulators, which are intended to cover investment costs and allow a reasonable return on invested capital. Distribution of heat (district heating) is not a regulated business but has characteristics similar to electricity distribution.

Sales of electricity, gas and heat are competitive businesses, where price and product are the key competitive factors. Add-on services, such as energy efficiency solutions and other advice on sustainable energy, are becoming an increasingly important competitive factor. The new energy landscape is opening a new market for customer-centric services as many customers are seeking to become more active as consumers and increasingly also want to become electricity producers themselves.

The figures presented for the sections titled "Electricity generation" and "Sales of electricity, heat and gas" below are based on the performance of the Group and the figures are as reported in the 2018 annual report and the interim report for the period January–March 2019 ("**Q1 2019**"), unless stated otherwise.

Electricity generation

Electricity generation increased by 2.4 per cent. to 130.3 TWh in 2018 (127.3 TWh in 2017). Hydro power generation decreased by 0.3 per cent. during 2018. Nuclear power generation increased by 6.0 per cent. mainly as a result of higher availability. Fossil-based power generation (coal and gas) decreased by 0.9 per cent. in 2018. The Group's electricity generation from wind power increased by 2.6 per cent. in 2018. New commissioned capacity was offset by less favourable wind conditions. In Q1 2019, electricity generation totalled 35.9 TWh compared to 37.2 TWh during the period January–March 2018 ("**Q1 2018**").

Sales of electricity, heat and gas

Total sales of electricity, including sales to Nord Pool Spot and deliveries to minority shareholders, increased by 10.7 per cent. from 157.3 TWh in 2017 to 174.1 TWh in 2018. Total sales of electricity in Q1 2019 were 52.8 TWh compared to 49.8 TWh in Q1 2018. Sales of heat decreased by 3.2 per cent. from 18.9 TWh in 2017 to 18.3 TWh in 2018. Sales of heat in Q1 2019 decreased to 7.3 TWh compared to 8.2 TWh in Q1 2018. Sales of gas increased by 7.8 per cent. from 56.3 TWh in 2017 to 60.7 TWh[1] in 2018. Sales of gas in Q1 2019 decreased to 24.3 TWh compared to 26.9 TWh in Q1 2018.

Strategy

The Group exists to help all of its customers power their lives in ever climate smarter ways and live free from fossil fuels within one generation.

The Group has been electrifying industries, powering homes and transforming lives through innovation and collaboration for over a hundred years, and is now focused on the challenge of transitioning to fully fossil-free energy supply.

The Group engages with customers, business leaders, governments and non-governmental organisations to define and visualise the road ahead – through research and development partnerships, policy discussions and innovative business endeavors. This brings a holistic understanding of customer needs, energy markets, the value chain and our social impact. Together with its partners the Group is taking responsibility for finding new, sustainable and innovative ways to power the lives of its customers and electrify the transportation sector, heating and cooling, core industrial manufacturing processes and other areas beyond its industry, to ultimately reduce or eliminate the use of fossil fuels in society.

The Group believes that electrification is a key enabler for reducing CO_2 emissions from heating and cooling, transportation, and the manufacturing industry, in turn leading to increased electricity demand. In combination with the phase-out of fossil-based electricity generation in the Group's markets, this points to a strong, long-term market for fossil-free electricity generation. Therefore, a growing, sustainable and cost effective generation portfolio is strategically attractive. The build-out of the Group's renewables portfolio and the CO_2 roadmap for phasing out coal in the Group's heat operations are key components of the strategy. In addition, hydro and nuclear power generation play a key role in supporting the energy transition, stabilising the grid and supplying electricity based on fossil-free power generation. Electricity grids support the electrification of new sectors while ensuring reliable supply to the Group's customers.

[1] The value has been adjusted compared with information previously published in Vattenfall's financial reports.

The Group also sees significant new business opportunities in decentralised, integrated and customised energy and network solutions. This is our response to customers wanting sustainable, affordable and convenient energy solutions, combined with significantly lower costs for solar panels and batteries and a growing need for reliable power.

New businesses mean new ways of interacting with customers, technology and society. Additional skills and competences are therefore required. In a highly dynamic environment the Group fosters an inclusive company culture that encourages individual and organisational learning and that is open to diverse viewpoints and promotes active collaboration. The Group is also focusing on recruiting and retaining critical talent in a number of areas.

Cost and capital efficiency are prerequisites for success in an increasingly competitive environment. To increase efficiency the Group is conducting a programme to cut costs of SEK 2 billion in staff and support functions by 2020. This is being implemented according to plan, and at year-end 2018 the Group had reduced the workforce by 400 full-time positions. The Group's existing businesses serve as its financial anchor for the period ahead while the Group invests in new opportunities.

The strategic objectives of the Group are to be a leading business in the development towards sustainable consumption and production, to empower and engage people and to have high-performing operations.

The following are the Group's strategic milestones towards reaching the ambition of fossil-free living within one generation:

- 2020: Fossil-free energy solutions available for all of the Group's customers;
- 2023: More renewable generation enabled by 600 MW of additional flexible hydro capacity;
- 2025: Entirely coal-free operations in the Netherlands.[2] The Group to generate fossil-free energy to power more than 30 million homes. The Group to pilot 100 MW of green hydrogen gas production from fossil-free electricity;
- 2030: Coal is phased out from all of the Group's heat production. Fossil-free Nordic electricity generation; and
- 2035: More milestones are under development.

Investment plan for 2019-2020

The Group annually revises and updates its investment plan. The latest investment plan was published in the 2018 annual report and is described below. The Group plans to invest a total of SEK 56 billion during 2019 and 2020, of which SEK 24 billion pertains to maintenance and replacement investments. Growth investments amount to SEK 32 billion, where the biggest individual share, SEK 24 billion, is planned for investments in wind power. The Group is also planning to invest in solar energy and new businesses such as decentralised solutions, energy storage and e-mobility.

[2] Based on a decision by the Dutch government in March 2019, the Group's Dutch coal-fired power plant Hemweg-8 should stop using coal as fuel by the end of 2019, which means that the operations in the Netherlands will also be coal-free by then.

GROUP GOVERNANCE, ORGANISATION AND BUSINESS STRUCTURE

Corporate Governance

Corporate governance in the Group is based on numerous external and internal rules and regulations, the most important of which are set out below.

External rules and regulations

- Swedish and foreign legal rules, particularly the Swedish Companies Act and the Swedish Annual Accounts Act.
- The Swedish state's ownership policy.
- The Swedish Corporate Governance Code (the "**Code**"). Any deviations that the Issuer makes from the Code are mainly due to the fact that the Issuer is 100 per cent. owned by the Swedish state, while the Code is written primarily for listed companies with broad ownership.
- Stock exchange rules. The Issuer adheres to the stock exchange rules that apply for companies that have fixed-income securities registered on Nasdaq Stockholm and rules that apply for other marketplaces in which the Issuer has securities registered.
- International Financial Reporting Standards (IFRS) and other accounting rules.
- Global Reporting Initiative (GRI) Standards 2016.

Internal rules and regulations

- The Articles of Association.
- The Board's and committees' Rules of Procedure, including the Chief Executive Officer's ("**CEO**") instructions on reporting to the Board.
- Internal documents, particularly the Vattenfall Management System ("**VMS**"), which includes the Issuer's Code of Conduct and instructions on roles and responsibilities, and on the delegation of duties.

Corporate Governance; the AGM

The Issuer is the parent company of the Group, and is a Swedish public limited liability company with its registered office in Solna, Sweden. The Swedish Companies Act therefore applies to the Issuer, which entails that a company must have a board of directors that is elected by the owner at the Annual General Meeting ("**AGM**"). The AGM decides the content of the Issuer's Articles of Association and elects auditors (based on the proposal of the board), adopts the income statement and balance sheet, grants discharge from liability and deals with other matters of business that are incumbent upon the AGM pursuant to the Swedish Companies Act or the Issuer's Articles of Association. Under Swedish law, the AGM will be held within six months after the end of each financial year. The Board, in turn, appoints the President and CEO, who is responsible for the day-to-day administration of the Issuer in accordance with the Board's guidelines and instructions.

The Board of Directors

For enterprises that are wholly owned by the Swedish state and that are not listed on a stock market, uniform and joint principles for a structured nomination process are applied to the members of the board. These principles take the place of the Code's rules on proposal decisions for the nomination of board members and auditors. The principles state that the process for nominating directors is co-ordinated by the Ministry of Enterprise and Innovation.

The Issuer's Articles of Association stipulate that the Board shall have a minimum of five and a maximum of ten AGM-elected directors without deputies. The Chairman of the Board shall be elected by the AGM. In accordance with the Swedish state's ownership policy, the Group's CEO is not a director on the Board. The matters reserved for the Board are prescribed primarily by the Swedish Companies Act and the Board's Rules of Procedure. Each year the Board adopts its Rules of Procedure and a number of instructions. The Rules of Procedure and instructions regulate matters such as reporting to the Board, the delegation of duties between the Board, the CEO and the Board's committees, the Chairman's duties, the form of board meetings, and evaluation of the work of the Board and the CEO. The Board's Rules of Procedure stipulate, among other things, that the Board shall approve major investments, acquisitions and divestments, and adopt central policies and instructions. The Board shall also approve certain important contracts, including contracts between the Group and the CEO, and between the Group and such other persons in the Group who are defined as senior executives by the AGM. The Board's duties pertain to the Issuer as well as the Group. The Chairman leads the work of the Board in accordance with the Swedish Companies Act and the Code, and is responsible for - among other things - ensuring that the board members receive relevant information, making contact with the owner on ownership matters, and conveying views from the owner to the Board.

Directors' compensation and fees for committee work are set by the owner at the AGM, in accordance with the Swedish state's ownership policy.

The Board's Rules of Procedure stipulate that eight to twelve regular meetings are to be held each year. In addition to the regular meetings, the Board is summoned to further meetings if necessary. The Rules of Procedure stipulate, among other things, that the following items are to be included on the agenda once a year:

- strategic plan, business plan and investment plan;
- risk mandate and risk policy;
- strategic personnel issues; and
- annual report and quarterly reports.

In addition, a report is presented at every regular meeting on important business events since the previous meeting, the financing situation, reports from board committees and matters that are not handled by the CEO in the day-to-day administration. The Board evaluates its own work and the CEO's work once a year with the aim of improving the Board's processes and effectiveness.

The Board sets the overall risk mandates for the Group in the areas of energy and commodity trading, as well as for financial, insurance and credit risks. At each regular board meeting, the Board receives information about the Group's financial position.

Board committees

The Board has established an Audit Committee and a Remuneration Committee and has drawn up rules of procedure for each of them. At the statutory board meeting, the Board appointed a number of directors elected at a general meeting for each committee, one of whom serves as committee chair. In addition, the Board can, where necessary, establish other board committees or temporary work groups to address matters in more defined areas.

The committees report on their work to the Board at the next regular board meeting, where the committee chair presents the report accompanied by minutes of the committee meeting. Except for minor issues considered by the Audit Committee, the committees are only drafting bodies. The Board's legal responsibility

under company law for the Issuer's organisation and administration of the Issuer's affairs is not constrained by the committees' work.

The Audit Committee is, amongst other things, responsible for overseeing the Group's financial reporting, including sustainability reporting, and for meeting with the Group's external and internal auditors on a regular basis in order to stay informed about the planning, focus and scope of the Issuer's audit. The Audit Committee is also responsible for discussing coordination of the external and internal audit work and views of the Issuer's financial risks.

The Audit Committee has the right, on behalf of the Board, to decide on guidelines for services other than auditing that the Group may procure from the Group's auditors. The internal audit's budget, the Internal Audit Charter and the internal audit plan are decided on by the Board.

The CFO and the Head of Internal Audit serve in a reporting role on the Audit Committee.

CEO and Executive Group Management, auditor, internal governance

The President of the Issuer, who is also CEO of the Group, is responsible for the day-to-day administration of the Issuer in accordance with the Swedish Companies Act. The CEO has set up internal bodies for governance of the Group and makes decisions independently or with the support of these bodies. The most important of these bodies are the Executive Group Management ("**EGM**") and the Vattenfall Group Risk Committee ("**VRC**"). The EGM focuses on the Group's overall direction and decides - within the framework of the CEO's mandate from the Board of Directors - on matters of importance for the Group, such as certain investments. The VRC makes decisions pertaining to, among other things, the risk mandate and credit limits, and exercises oversight of the risk management framework. Both the EGM and the VRC conduct preparatory drafting work on matters that are to be decided by the Board of Directors. No member of the EGM is also a director of the Board.

The Swedish state's ownership policy stipulates that the owner is responsible for the election of auditors and that the auditors are to be appointed by the Annual General Meeting. The Issuer's Articles of Association stipulate that the Issuer shall have one or two auditors with or without one or two deputy auditors, or a chartered auditing firm as auditor. In accordance with the Act on Auditing of State Activities, the Swedish National Audit Office may appoint one or more auditors to participate in the annual audit.

The Issuer's Code of Conduct and Integrity is adopted by the Board and builds upon the four Vattenfall principles – open, active, positive and safety. Information about the Code of Conduct and Integrity is provided on the Issuer's intranet and in connection with new hiring and training. These measures have helped make employees more familiar with the Code of Conduct and Integrity. The Issuer's Code of Conduct and Integrity also includes clear references to the VMS, which more clearly elaborates on the principles. The VMS is the framework that ensures that the Issuer's governance adheres to formal requirements as well as to requirements made by the Board, the CEO, the business operations and the Staff Functions (as defined below). The VMS is documented in binding governance documents. The VMS is an integrated management system that applies to the entire Group, along with the limitations that may arise from legal requirements, such as regarding the unbundling of the electricity distribution business.

Organisation and Business Structure

The Issuer is the ultimate parent of the Group. The subsidiaries of the Issuer as at the date of this Prospectus are illustrated by the tables below.

Shares and participations owned by the Issuer

	Corporate Identity Number	Registered office	Number of shares 2018	Participation in % 2018
Sweden				
Alltid AB	559030-1148	Borås	100	100
Borås Elhandel AB	556613-7765	Borås	1,000	100
Chlorout AB	556840-9253	Stockholm	500	100
Forsaströms Kraft AB	556010-0819	Åtvidaberg	400,000	100
Forsmarks Kraftgrupp AB	556174-8525	Östhammar	198,000	66
Försäkrings AB Vattenfall Insurance	516401-8391	Solna	200,000	100
Gotlands Energi AB	556008-2157	Gotland	112,500	75
Produktionsbalans PBA AB	556425-8134	Stockholm	4,800	100
Ringhals AB	556558-7036	Varberg	248,572	70
Svensk Kärnbränslehantering AB	556175-2014	Solna	360	36[1]
Vattenfall Biomass Liberia AB	556809-8809	Stockholm	5,000	100
Vattenfall Business Services Nordic AB	556439-0614	Stockholm	100	100
Vattenfall Elanläggningar AB	556257-5661	Solna	1,000	100
Vattenfall Eldistribution AB	556417-0800	Solna	8,000	100
Vattenfall France Holding AB	556815-4214	Stockholm	30,500	100
Vattenfall Kundservice AB	556529-7065	Umeå	100,000	100
Vattenfall Nuclear Fuel AB	556440-2609	Solna	100	100
Vattenfall PHEV Holding AB	556785-9383	Stockholm	1,000	100
Vattenfall Power Consultant AB	556383-5619	Stockholm	12,500	100
Vattenfall Power Management AB	556573-5940	Stockholm	6,570	100
Vattenfall Research & Development AB Liquidated	556390-5891	Älvkarleby		
Vattenfall Services Nordic AB	556417-0859	Stockholm	26,000	100
Vattenfall Vattenkraft AB	556810-1520	Stockholm	1,200	100
Vattenfall Vindkraft AB	556731-0866	Stockholm	1,000	100
Västerbergslagens Energi AB	556565-6856	Ludvika	14,674	51
Denmark				
Vattenfall A/S	213 11 332	Copenhagen	10,040,000	100
Vattenfall Energy Trading A/S	310 81 181	Copenhagen	500	100
Vindstød A/S	340 451 43	Århus	1,333,333	70[2]
Finland				
Vattenfall Sähkömyynti Oy	1842073-2	Helsinki	85	100
Germany				
Vattenfall GmbH	(HRB) 124048	Berlin	500,000,000	100
Poland				
Vattenfall IT Services Poland Sp.z.o.o	0000402391	Gliwice	58,000	100
Netherlands				
N.V. Nuon Energy	33292246	Amsterdam	136,794,964	100
Other countries				
Parc Eolien En Mer des Bancs de Flandre SAS	2018B02593	Boulogne Billancourt	53	1[3]
Vattenfall UK Sales Limited	05461926	London	104,000,400	100
Vattenfall Reinsurance S.A., Luxembourg Liquidated	(B) 49528	Luxembourg		

1) The Group owns a further 30 per cent. via Forsmarks Kraftgrupp AB.

2) The remaining 30 per cent. of the shares will be paid in three tranches: 2019, 2020 and 2022.

3) The Group owns a further 79 per cent. via Vattenfall Vindkraft AB.

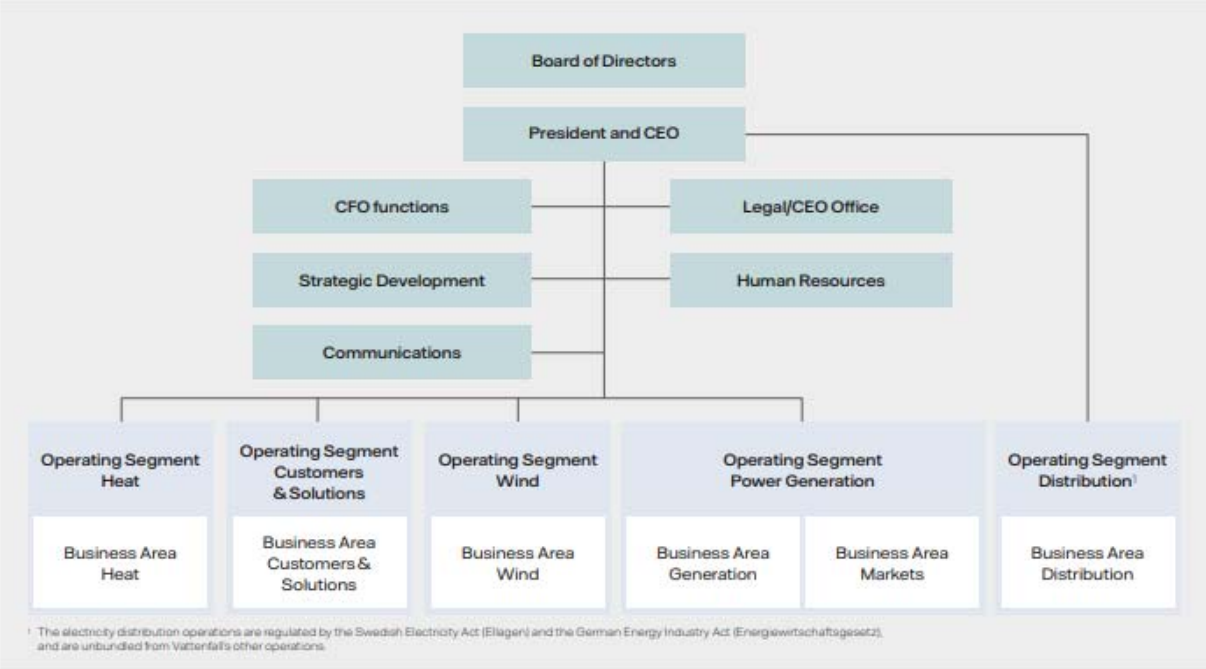
Larger shareholdings owned by Group companies other than the Issuer

	Registered office	Participation in % 2018
Sweden		
Vattenfall Indalsälven AB	Bispgården	74
Denmark		
Vattenfall Vindkraft A/S	Esbjerg	100
Vattenfall Vindkraft Nørrekær Enge A/S	Esbjerg	100
Germany		
DanTysk Sandbank Offshore Wind GmbH & Co. KG	Hamburg	51
Fernheizwerk Neukölln AG	Berlin	81
Kernkraftwerk Brunsbüttel GmbH & Co. oHG	Hamburg	67
Kernkraftwerk Krümmel GmbH & Co. oHG	Hamburg	50
MVR Müllverwertung Rugenberger Damm GmbH & Co. KG	Hamburg	55
Nuon Epe Gasspeicher GmbH	Gronau	100
Stromnetz Berlin GmbH	Berlin	100
Vattenfall Energy Trading GmbH	Hamburg	100
Vattenfall Europe Business Services GmbH	Hamburg	100
Vattenfall Europe Information Services GmbH	Hamburg	100
Vattenfall Europe Kundenservice GmbH	Hamburg	100
Vattenfall Europe New Energy GmbH	Hamburg	100
Vattenfall Europe New Energy Ecopower GmbH	Rostock	100
Vattenfall Europe Nuclear Energy GmbH	Hamburg	100
Vattenfall Europe Sales GmbH	Hamburg	100
Vattenfall Europe Windkraft GmbH	Hamburg	100
Vattenfall Smarter Living GmbH	Berlin	100
Vattenfall Wärme Berlin AG	Berlin	100
Vattenfall Heizkraftwerk Moorburg GmbH	Hamburg	100
Vattenfall Wasserkraft GmbH	Berlin	100
Vattenfall Wärme Hamburg GmbH	Hamburg	75

	Registered office	Participation in % 2018
Netherlands		
Feenstra N.V.	Amsterdam	100
Feenstra Verwarming B.V.	Lelystad	100
N.V. Nuon Duurzame Energie	Arnhem	100
N.V. Nuon Energy Sourcing	Amsterdam	100
N.V. Nuon Klantenservice	Arnhem	100
N.V. Nuon Sales	Amsterdam	100
N.V. Nuon Sales Nederland	Amsterdam	100
N.V. Nuon Warmte	Amsterdam	100
Nuon Epe Gas Service B.V.	Amsterdam	100
Nuon Power Generation B.V.	Utrecht	100
Nuon Power Projects I B.V.	Amsterdam	100
Nuon Renewables NSW I B.V.	Amsterdam	100
Nuon Storage B.V.	Amsterdam	100
Nuon Windpark Wieringermeer EXT B.V.	Amsterdam	100
Vattenfall Energy Trading Netherlands N.V.	Amsterdam	100
Zuidlob Wind B.V.	Amsterdam	100
UK		
Kentish Flats Ltd	London	100
Nuon UK Ltd	Cornwall	100
Pen Y Cymoedd Wind Farm Ltd.	Cornwall	100
Thanet Offshore Wind Ltd	London	100
Vattenfall Wind Power Ltd	London	100
Ormonde Energy Ltd	London	51
Aberdeen Offshore Wind Farm Ltd	Aberdeen	100
I Supply Energy Ltd	Poole	100

Operations are partly conducted through the subsidiaries of the Issuer and the Issuer is thus dependent on its subsidiaries to generate revenue and profit in order to be able to fulfil its payment obligations under the Notes.

The Group's organisational structure comprises six Business Areas: Heat, Wind, Customers & Solutions, Generation, Markets and Distribution. The Group's Business Areas are organised in five operating segments, where Generation and Markets make up a single operating segment. The central Staff Functions are organised in a Corporate Centre which supports and directs the business activities.



Staff functions and Shared Service Centres

A number of Group-wide Staff Functions support the Group's business as well as the decision-making process of the EGM and CEO. The Staff Functions also govern relevant business processes in the Group as a whole. The Staff Functions are managed and co-ordinated centrally with employees located at both the management level and closer to the business.

INSURANCE COVER

The Group protects itself against economic loss through insurance. The Group has a Group-owned (captive) insurance company that insure the Group's own risks exclusively – Försäkringsaktiebolaget Vattenfall Insurance ("**Vattenfall Insurance**"). Vattenfall Insurance optimises the risk financing of insurable risks within the Group. Reinsurance is procured in the international reinsurance market. Vattenfall Insurance underwrites insurance for most of the Group's property and business interruption exposure as well as for construction risks. Most of the power lines in the distribution networks are uninsured. This is due to the difficulty of finding cost-effective insurance solutions. In addition, Vattenfall Insurance provides Group-wide, general liability insurance, including consultant and product liability.

With respect to dam liability, Swedish dam owners have strict and unlimited liability for damage to third parties caused by dam accidents. In co-operation with other Nordic dam owners, the Group procures dam liability insurance with an insured amount of SEK 10.0 billion. Property insurance for the Group's nuclear power plants is issued by the European Mutual Association for Nuclear Insurance, and for the Swedish nuclear power plants, also by the Nordic Nuclear Insurers. Nuclear liability in Sweden is strict and limited to 1.0 billion Special Drawing Rights (approximately EUR 1.2 billion). Statutory nuclear liability insurance is issued by the Nordic Nuclear Insurers and by the mutual insurance company, European Liability Insurance for the Nuclear Industry. In Germany, nuclear liability is strict and unlimited. By law, nuclear power plants are required to have insurance or other financial guarantees for up to EUR 2.5 billion. The German Atomic Insurance Pool issues insurance for up to EUR 256 million, which is complemented by up to EUR 2.5 billion

through a solidarity agreement (*Solidarvereinbarung*) between the parent companies of the German nuclear operators (Vattenfall GmbH, E.ON, RWE and EnBW). Each party accepts liability vis-à-vis the other parties in proportion to the respective ownership interests the parent companies have in the nuclear power plant. Since the liability is unlimited, the nuclear power plants and their German parent companies are ultimately liable also for amounts in excess of this level.

PENSIONS

The Group's pension obligations in the Swedish and German companies are predominantly defined benefit pension obligations. The pension plans in question are primarily retirement pensions, disability pensions and family pensions. The assets in these funds (the "**Plan Assets**") are reported at fair value. There are also pension plans in these and other countries, including The Netherlands, that are defined contribution plans.

Swedish pension plans

The Swedish pension plans supplement the Swedish social insurance system and are the result of agreements between employer and employee organisations. Almost all of the Group's employees in Sweden are covered by a pension plan that is primarily a defined benefit plan, known as ITP-Vattenfall. This pension plan guarantees employees a pension based on a percentage of their salary. These benefits are secured through provisions on the balance sheet.

Certain of the Group's obligations in ITP-Vattenfall (such as spousal benefits and disability pensions) are secured through an insurance policy from Alecta (a Swedish mutual insurance company). According to a statement (UFR 10) issued by the Swedish Financial Reporting Board, this plan is a multi-employer defined benefit plan. As in previous years, the Group has not had access to such information as to make it possible to report this plan as a defined benefit plan.

German pension plans

The pension plans in Germany are based on collective agreements in line with market terms and conditions. Substantial defined benefit plans exist in Germany for employees in Berlin and Hamburg.

Berlin: Two pension plans exist, both secured through Pensionskasse der Bewag, a mutual insurance company. Obligations are secured through funds paid in by the Group and its employees. One plan has been classified as a defined contribution plan and is reported as such since the benefit is based on paid-in contributions and Pensionskasse der Bewag's financial position. The other pension plan for employees who began their employment before 1 January 1984 is treated as a defined benefit plan, which is partly funded. The Plan Assets attributable to personnel employed since before 1 January 1984 are reported as Plan Assets at fair value. The assets of the Pensionskasse are investment funds that are not listed on the stock exchange. The fair value is determined by the repurchase price.

Hamburg: The Group has pension obligations for employees in Hamburg that mainly comprise the Issuer's obligations to personnel employed before 1 April 1991 and who have been employed for at least 10 years. The sum of the retirement pension, statutory pension and pensions from third parties normally amounts to a maximum of 65 per cent. of pensionable salary. The plan is an unfunded defined benefit plan.

Dutch pension plans

In the Netherlands, the Group has the majority of its pension obligations secured through the ABP pension fund and the "Metaal en Techniek" pension fund. The ABP and "Metaal en Techniek" plans are classified and reported as defined contribution plans.

The Group's pension provision was SEK 39.7 billion at year end 2018 (compared to SEK 42.0 billion in 2017). The total pension costs in 2018 were SEK 2.4 billion (compared to SEK 2.3 billion in 2017).

RECENT ACTIVITIES

In February 2018, the Swedish motor vehicle inspection company Bilprovningen chose to partner with the Group's initiative InCharge to offer public charging at its inspection stations. The sites will be connected to Vattenfall InCharge, giving e-vehicle customers access to an extensive charging network.

In March 2018, the Group won the permit for what will be the first non-subsidised offshore wind farm in the Netherlands, Hollandse Kust Zuid 1 and 2. The wind farm has a planned capacity of approximately 700 MW and will be able to supply 1 to 1.5 million Dutch households with renewable energy.

In March 2018, the Group took a further step into the European wind power market by forming an alliance with the finance group Caisse des Dépôts (CDC) and the developer WPD for the bid preparation in an offshore wind tender in Dunkirk, France.

The Group arranged the first lease purchase agreement for solar panels for a business customer in the Netherlands, where nearly 2,000 solar panels have been installed on a commercial building in the city of Harlingen.

The Group concluded a new supply contract with Axfood, Sweden's second largest food retailer. Starting 1 April 2018 the Group will be delivering an annual volume of 280 GWh of renewable electricity to all of Axfood's Snabbgross, Hemköp and Willys stores in Sweden.

In May 2018, the Group entered into a supply agreement with Facebook for supply of renewable electricity to two of Facebook's data centres in the Nordic countries. As part of the deal, the Group will also provide market access and power balancing of electricity generation from three new Norwegian wind farms.

In May 2018, construction started on the Blakliden/Fäbodberget onshore wind farm in Åsele and Lycksele municipalities in northern Sweden. The Group is partnering with the Danish turbine manufacturer Vestas and the Danish pension fund PKA for ownership of the wind farm. The wind farm will have a capacity of 353 MW, and approximately 60 per cent. of production will be sold to Norsk Hydro.

In May 2018, the Group together with Volvo Cars in Sweden, entered into a new partnership on charging-infrastructure. Volvo customers who purchase an electric hybrid car now have the option to choose the "InCharge Smart Hemma" charging solution.

In May 2018, the Group's 22 MW battery installation became operational at the Pen y Cymoedd onshore wind farm in the UK. This is the largest co-located battery installation at a wind farm in the UK and will contribute to a stable and reliable network for British consumers.

In June 2018, construction started on HYBRIT's pilot plant for manufacturing fossil-free steel in Luleå, Sweden. The plant is expected to be ready by 2020. The Group, together with SSAB, LKAB and the Swedish Energy Agency, will invest a total of SEK 1.4 billion in the pilot plant. The goal is to have an industrial process for fossil-free steel production in place by 2035.

In July 2018, the Group entered into a long-term agreement with the global healthcare company Novo Nordisk and the biotechnology company Novozymes on the supply of renewable energy from the Kriegers Flak wind farm in Denmark. The agreement covers roughly a fifth of the wind farm's total anticipated generation.

In August 2018, the Swedish government decided on new legislation entailing a sharp decrease in the electricity grid operators' revenue frameworks, which will be applicable from the year 2020. The Group has

reviewed its investment plans to adjust to the new conditions while at the same time maintain focus on maximising the efficiency of investments.

In August 2018, the Group once again received a gold rating for its corporate social responsibility ("**CSR**") performance from EcoVadis, an independent agency that provides CSR ratings and scorecards. A total of 73 points were achieved, which is well above the industry average of 42 points.

In Berlin, the Group achieved the goal of halving its CO_2 emissions from combined heat and power plants three years earlier than pledged. Work is now continuing to phase out hard coal by 2030.

Vattenkraftens Miljöfond Sverige AB was established by eight hydro power companies with the purpose to provide SEK 10 billion in financing for environmental mitigation measures according to a national plan during the coming 20 years.

In September 2018, Aberdeen Bay offshore wind farm in Scotland was inaugurated. The wind farm has an installed capacity of 97 MW and can supply 80,000 British households with renewable energy. The wind turbines have the largest turbine capacity in commercial operation in the world (8.8 MW) and use a new type of jacket foundation, so-called suction buckets.

In September 2018, German-based Aquila Capital and the Group signed a 15-year agreement for the purchase of renewable electricity from the Kråktorpet wind farm (163 MW) west of Sundsvall, Sweden. The Group will also provide balancing services, market access and management of green certificates ("**Guarantees of Origin**").

In October 2018, the Group entered the French retail market, offering households climate-smart solutions including electricity and gas at competitive prices.

In October 2018, the City of Hamburg decided to exercise its call option to take over the Group's 74.9 per cent. stake in the city's district heating system, effective 1 January 2019. The contracted price is EUR 625 million, and the transaction is expected to close in 2019. In April 2019, the European Commission informed that the purchase price of EUR 950 million (on a 100 per cent. share basis) does not constitute a government subsidy.

In October 2018, the Group acquired the Vargträsk wind power project in Åsele and Lycksele municipalities in Sweden. The wind farm will have an installed capacity of approximately 80 MW and the potential to generate renewable energy for around 50,000 homes. The plan is for the wind farm to be operational in 2021/2022.

The Group took a further step to strengthen its brand in Europe by changing the name of its Dutch subsidiary Nuon to Vattenfall. Nuon has been an integrated part of the Group since 2009.

In November 2018, the Group was rated as the most sustainable energy company in the Sustainable Brand Index B2B, which is the Nordic region's largest sustainability study. The Group came in seventh place in the overall cross-sector ranking – a strong improvement from last year's twentieth position.

In December 2018, the Group and the Norwegian industrial group Elkem signed a long-term electricity supply agreement for the period 2020–2026. The deal is the first major supply agreement with Elkem and includes supply of 260 GWh yearly or a total of approximately 1.8 TWh.

In December 2018, the Group decided to invest in a new heating plant in Uppsala, Sweden, to provide residents of the city with fossil-free heating. A total of SEK 3.5 billion will be invested in production facilities and grid infrastructure in Uppsala.

In December 2018, the Group took the final investment decision for the Kriegers Flak offshore wind farm in Denmark. The investment amounts to approximately SEK 10.4 billion, and the wind farm will have a total capacity of 605 MW.

Ringhals nuclear power plant generated 30 TWh of fossil-free electricity in 2018, which is the highest level of annual electricity generation by a Nordic power plant ever and corresponds to 17 per cent. of Swedish electricity generation in 2018.

The storm Alfrida, which hit Sweden's Roslagen region and the Stockholm archipelago on the night of January 1 2019, had severe consequences and caused major damage to the electricity grid. At most, 65,000 of the Group's customers experienced power outages. The final customers to have their electricity service restored were serviced on 23 January. Repair work will continue for several months.

In February 2019, the European infrastructure investor Marguerite and the Group entered into a long-term power purchase agreement for renewable electricity from the Brännliden (42 MW) wind farm in northern Sweden. The Group will purchase the electricity generation and provide balancing services as well as market access and management of Guarantees of Origin.

In February 2019, the Slufterdam onshore wind farm (29 MW) was inaugurated. The original turbines installed in 2002 have been replaced with a more efficient and modern model, thereby also doubling the wind farm's capacity.

In March 2019, the Group acquired the Dutch electricity and gas sales company DELTA Energie. DELTA Energie supplies renewable electricity and gas to households and small and medium-sized companies, mainly in the Dutch province Zeeland. The company has 120 employees and 170,000 customers.

On 5 March 2019, the City of Berlin announced that its municipal energy company Berlin Energie will be awarded the new concession for the electricity grid in Berlin. The Group has had the concession rights, through its subsidiary Stromnetz Berlin GmbH and previously Bewag, for more than 20 years. Stromnetz Berlin GmbH today owns and operates the electricity grid in Berlin, which among other things includes around 35,000 kilometres distribution network and more than 2.3 million network customers. The Group is of the opinion that the decision by the City of Berlin is incorrect and has as a first step appealed to the Senate in Berlin.

In March 2019, the Group's InCharge charging network expanded to Norway with the goal of becoming a significant player in the country. To begin with, InCharge will offer private customers home charging solutions.

On 8 March 2019, the Dutch Government announced that Group's Hemweg-8 power plant in Amsterdam should stop using coal as a fuel for electricity production by the end of 2019. This will mean that the Hemweg-8 power plant will have to stop operating without the previously announced transitional period of 5 years. The Dutch Government has indicated that the level of the compensation for losses will be further discussed with the Group.

In March 2019, the Group inaugurated its biggest solar farm to date with a total output of 5.7 MW. The solar farm is located in Eemshaven, in the northern Netherlands.

In March 2019, the Group bought 100 per cent. of the shares in the Dutch start-up company Senfal. The acquisition of Senfal will add new services for large industrial customers with the aim of unlocking value through flexibility and optimisation of renewable generation.

In March 2019, the Group decided to invest in a district heating project to accelerate the transition to heating without natural gas in Amsterdam. The project is part of a joint investment agenda between the Group and the waste processing company AEB Amsterdam for EUR 400 million.

Financial overview and analysis for the Group

The earnings reporting is broken down into the following operating segments: Customers & Solutions, Power Generation, Wind, Heat, and Distribution. In addition, the Staff Functions including treasury activities, and Shared Service Centres are reported under the heading "Other". All operating segments are followed up according to underlying operating profit (i.e. operating profit ("**EBIT**") excluding items affecting comparability). All segments apply International Financial Reporting Standards ("**IFRS**"). For services between segments, cost price generally applies, although in certain cases market prices are applied.

The information presented in this section "*Financial overview and analysis for the Group*" is derived from the audited annual report 2018 and the interim report for Q1 2019.

Net sales and financial performance

For the financial year ended 31 December 2018 ("**FY2018**"), net sales increased by SEK 19.4 billion to SEK 154.5 billion[3] (compared to SEK 135.1 billion in 2017). The increase is mainly attributable to higher sales volumes in Germany, France and the UK. The increase is also attributable to positive price effects in the Nordic countries and the Netherlands, and higher nuclear power generation.

Net sales in Q1 2019 increased by SEK 5.7 billion to SEK 49.6 billion (compared to SEK 43.9 billion in Q1 2018).

The underlying operating profit for FY2018 decreased to SEK 19.9 billion (compared to SEK 23.2 billion for the corresponding period in 2017). The decrease in the underlying operating profit for FY2018 is mainly attributable to the following:

- lower earnings contribution from the Heat operating segment (SEK –2.6 billion), mainly owing to lower production margins and positive one-off items in 2017 of approximately SEK 800 million, partly related to subsidies for gas-fired combined heat and power plants in Germany;
- lower earnings contribution from the Power Generation operating segment (SEK –1.4 billion), mainly owing to negative effects of price hedges. Contracts coupled to the Continental market are successively expiring, but together with Nordic price hedges also had negative impact during the year;
- higher earnings contribution from the Wind operating segment (SEK 1.6 billion) as a result of positive price and currency effects; and
- other items (net SEK –0.9 billion).

The underlying operating profit for Q1 2019 increased to SEK 9.7 billion (compared to SEK 9.4 billion for Q1 2018). The increase in the underlying operating profit for Q1 2019 is mainly attributable to the following:

- higher earnings contribution from the Power Generation operating segment (SEK 1.6 billion), mainly owing to higher spot prices in the Nordic countries and a positive contribution from the trading operations. This was partly offset by lower power generation and price hedges;

[3] Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases have been adjusted, with no effect on EBITDA.

- lower earnings contribution from the Distribution operating segment (SEK -1.0 billion), mainly owing to costs related to the storm “Alfrida” (SEK 850 million) and lower distributed volume;
- other items (net SEK -0.3 billion).

Items affecting comparability in FY2018 amounted to SEK -2.3 billion. Provisions of SEK -1.6 billion were mainly related to nuclear power decommissioning, partly owing to adjusted discount rates. Capital gains of SEK 1.1 billion pertain mainly to sales of properties in Hamburg and Berlin, and the sale of 70 per cent. of the Blakliden/Fäbodberget wind farm.

Items affecting comparability in FY2017 totalled SEK -4.7 billion. Unrealised changes in the market value of energy derivatives and inventories totalled SEK -3.6 billion and were mainly attributable to temporary effects related to sourcing activities. Provisions amounted to SEK -2.4 billion and were mainly related to the nuclear power operations.

Items affecting comparability in Q1 2019 amounted to SEK -1.5 billion (compared to SEK -2.4 billion in Q1 2018.

In 2018, EBIT was SEK 17.6 billion (compared to SEK 18.5 billion in 2017).

In Q1 2019, EBIT was SEK 8.2 billion (compared to SEK 7.0 billion in Q1 2018).

Investment activities

The total investments for FY2018 amounted to SEK 21.9 billion (compared to SEK 21.3 billion in 2017). Total investments in Q1 2019 amounted to SEK 6.8 billion (compared to SEK 3.3 billion in Q1 2018). Divestments for FY2018 amounted to SEK 1.6 billion (compared to SEK 2.8 billion in 2017). Divestments in Q1 2019 amounted to SEK 0.6 billion (compared to 0.1 billion in Q1 2018).

Cash flow analysis

Funds from operations amounted to SEK 23.3 billion in 2018 (compared to SEK 26.6 billion in 2017). Funds from operations in Q1 2019 amounted to SEK 9.8 billion (compared to SEK 8.8 billion in Q1 2018). Cash flow from operating activities amounted to SEK 41.1 billion in 2018 (compared to SEK 25.7 billion in 2017). Cash flow from operating activities in Q1 2019 amounted to SEK -11.0 billion (compared to 1.3 billion in Q1 2018).

Liabilities

As at 31 December 2018, the Group’s total interest-bearing liabilities were SEK 88.3 billion. Interest-bearing liabilities included SEK 19.8 billion in hybrid capital (compared to SEK 19.1 billion as at 31 December 2017). Further interest-bearing liabilities included SEK 0.5 billion in loans from the Group’s minority-owned companies (compared to SEK 0.5 billion as at 31 December 2017), and SEK 10.4 billion in loans from owners of non-controlling interests (compared to SEK 10.4 billion as at 31 December 2017).

As at 31 March 2019, the Group’s total interest-bearing liabilities were SEK 99.6 billion. Interest-bearing liabilities included SEK 20.1 billion in hybrid capital (compared to SEK 19.6 billion as at 31 March 2018). Further interest-bearing liabilities included SEK 0.6 billion in loans from the Group’s minority-owned companies (compared to SEK 0.7 billion as at 31 March 2018), and SEK 10.5 billion in loans from owners of non-controlling interests (compared to SEK 10.4 billion as at 31 March 2018).

The Group’s reported net debt decreased by SEK 11.5 billion to SEK 47.7 billion as at 31 December 2018 (compared to SEK 59.3 billion as at 31 December 2017). Interest rate risk in the Group’s debt portfolio is measured in terms of duration, for which the norm is to have a duration of between four and seven years. The

duration of the Group's debt portfolio at 31 December 2018 was 4.4 years including hybrid capital (compared to 4.3 years at 31 December 2017). To adjust the duration of borrowing, the Group uses, among other instruments, interest rate derivatives.

As at 31 March 2019, the Group's reported net debt amounted to SEK 72.5 billion (compared to SEK 64.4 billion as at 31 March 2018). The duration of the Group's debt portfolio at 31 March 2019 was 4.8 years including hybrid capital (compared to 4.4 years at 31 March 2018).

Accounting Policies

The consolidated accounts for 2018 have been prepared, as for the 2017 year-end accounts, in accordance with IFRS issued by the International Accounting Standards Board ("**IASB**") as well as the interpretations issued by the IFRS Interpretations Committee ("**IFRSIC**") as endorsed by the European Commission for application within the EU. In addition, recommendation RFR 1 (Supplementary Accounting Policies for Groups), issued by the Swedish Financial Reporting Board, has been applied. RFR 1 specifies the mandatory additions to the IFRS disclosure requirements in accordance with the Swedish Annual Accounts Act. For a full description of the Group's Accounting Principles, please refer to the Issuer's Annual Report for 2018, Notes to the consolidated accounts.

RISK MANAGEMENT

The Board has the overall responsibility for risk management within the Group and decides on the risk appetite and risk tolerance, including the risk mandates for Energy & Commodities, Treasury and Credit. As the party with ultimate responsibility for risk management within the Group, the Board is responsible for obtaining knowledge of the risks inherent in the operations of the Group. The main purpose of risk management in the Group is to identify, manage and control risks to which the Group is exposed, as well as ensuring that the risk exposure is aligned with strategic and financial targets. This provides transparency to the decision makers and the owner. Risk management is emphasised through the Three Lines of Defence model, which establishes the three different roles - risk ownership, control and assurance. Line management, as the risk owner, provides the first line of defence, the second line of defence is provided by the Risk Management organisation and the third line of defence is provided by the (internal and external) auditor. The VRC is chaired by the CEO and serves both as a decision-making body (decisions are made by the CEO) and a preparatory body for the Board.

The Group's Chief Risk Officer ("**CRO**") is responsible for organising risk management within the Group. The CRO is responsible for this organisation at the Group level, and is also accountable for the risk management framework within the Group. The CRO reports to the CFO, as well as provides information on risk issues to the Board or, if the Board so decides, to a Board Committee. The CRO is entitled to access any information regarding risk within any entity of the Group. The CRO's responsibilities are to:

- secure risk governance in the Group;
- co-ordinate and ensure risk control and transparency of the Group's risk positions; and
- support the decision-making of the business and top management.

The CRO's responsibilities as the second line of defence include monitoring that the organisation is implementing these practices at all appropriate levels.

The Enterprise Risk Management process in the Group

The Enterprise Risk Management ("**ERM**") process is one common continuous risk management process where risks are identified, assessed, managed, followed-up and controlled. This corporate governance process is applicable to all risks in the Group, including project risk management, and serves as the Group's overarching risk process that is to be embedded into all operations. The process is designed to identify and manage potential events and developments that may affect the achievement of objectives, all according to the risk appetite of the Group. The ERM process aims to create transparency, risk awareness and to support management in decision-making, strategy setting, business planning and business operations. The ERM process is an iterative process that is conducted in conjunction with the Group's business planning and reporting cycles. The output of the process is identified, managed and controlled risk.

BOARD OF DIRECTORS AND EXECUTIVE GROUP MANAGEMENT OF THE ISSUER

Board of Directors

Name	Details of Directors	Principal activities outside the Issuer
Lars G Nordström	Chairman of the Board since June 2011	Chairman of the Finnish-Swedish Chamber of Commerce. Deputy Chairman of Nordea Bank. Board member of Viking Line Abp, the Swedish-American Chamber of Commerce and SNS. Member of the Royal Swedish Academy of Engineering Sciences ("**IVA**"). Honorary Consul for Finland in Sweden.
Åsa Söderström Winberg	Board Member since 2013	Chairman of Delete OY and Scanmast AB. Board member of JM AB, FIBO AS, OEM International AB, Nordic Home Improvement AB and Balco Group AB. Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Jenny Lahrin	Board Member since 2013	Investment Director and Deputy Head of Division, Division for State-Owned Enterprises, Ministry of Enterprise and Innovation. Board member of AB Göta kanalbolag.
Håkan Erixon	Board Member since 2011	Chairman of Capacent Holding AB and Hemnet Group AB. Board member of Alfvén & Didrikson Invest AB and Opus Group AB.
Fredrik Arp	Board Member since 2014	Chairman of Nolato AB and Bravida Holding AB. Board member of Swedfund.
Tomas Kåberger	Board Member since 2015	Industrial Growth Executive InnoEnergy. Excutive Board Chairman of Renewable Energy Institute, Tokyo. Board member of Sustainable Energy Angels AB and The Research Council of Norway. Senior Advisor GEIDCO, Beijing. Affiliate professor at Chalmers University of Technology

Name	Details of Directors	Principal activities outside the Issuer
Viktoria Bergman	Board Member since 2015	Chairman Galber AB. Board member of Trianon AB.
Fredrik Rystedt	Board Member since 2017	Executive Vice President and CFO, Essity Aktiebolag (publ). Board member Vinda International Holdings Limited.
Ann Carlsson	Board Member since 2019	CEO Apoteket AB Board member Martin & Servera, The Swedish Pharmacy Association, The Confederation of Swedish Enterprise, The Swedish Trade Federation, SNS – Center for business and Policy Studies, and Ruter Dam.
Robert Lönnqvist	Board Member since 2017 (employee representative)	
Rolf Ohlsson	Board Member since 2017 (employee representative)	
Jeanette Regin	Board Member since 2011 (employee representative)	
Deputy Members		
Lennart Bengtsson	Board Member since 2018 (employee representative)	
Anders Bohlin	Board Member since 2019 (employee representative)	
Christer Gustafsson	Board Member, since 2013 (employee representative)	

There are no potential conflicts of interest between any duties to the Issuer of the above Board members and their interests and/or other duties.

The business address of the above board members and deputy members is SE-169 92 Stockholm, Sweden.

Executive Group Management

Name	Position	Principal activities outside the Issuer
Magnus Hall	President and CEO	Chairman of NTM AB and Vice President in Eurelectric
Anna Borg	Senior Vice President, Chief Financial Officer	Board member of Gunnebo AB

Tuomo Hatakka	Senior Executive Vice President, Business Area Heat	Board member PKP Energetyka S.A.
Anne Gynnerstedt	Senior Vice President, General Counsel and Secretary to the Board of Directors	Board member Swedish Space Corporation
Torbjörn Wahlborg	Senior Executive Vice President, Business Area Generation	Board member of the Confederation of Swedish Enterprise. Chairman of EnergiFöretagens Arbetsgivareförening (EFA) AB
Kerstin Ahlfont	Senior Vice President, Human Resources	
Gunnar Groebler	Senior Vice President, Business Area Wind	
Martijn Hagens	Senior Vice President, Business Area Customers & Solutions	COO Nuon Netherlands
Andreas Regnell	Senior Vice President, Strategic Development	Board member of Svevia AB, Northvolt AB and Hybrit AB
Karin Lepasoon	Senior Vice President, Group Communications	Board member of Energiföretagen Sverige – Swedenergy – AB
Niek den Hollander	Senior Vice President, Business Area Markets	

There are no potential conflicts of interest between any duties to the Issuer of any member of the executive group management and their interests and/or other duties.

The business address of the executive group management is SE-169 92 Stockholm, Sweden.

TAXATION

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Conditions). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

SWEDISH TAXATION

The following summary outlines certain Swedish tax consequences relating to Noteholders, if not otherwise stated. The summary is based on the laws of Sweden as currently in effect and is only intended to provide General and Legal Information. This summary does not address, *inter alia*, situations where Notes are held in an investment savings account (Sw. *investeringssparkonto*) or the rules regarding reporting obligations for, among others, payers of interest. Prospective purchasers are urged to consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of double taxation treaties) of holding or transferring Notes.

Payments of any nominal amount or any amount that is considered to be interest for Swedish tax purposes to any Noteholder should not be subject to Swedish income tax, provided that such Noteholder is neither resident in Sweden for Swedish tax purposes nor engaged in trade or business in Sweden through a permanent establishment. An individual is resident in Sweden for Swedish tax purposes if he (a) is domiciled in Sweden; (b) has his habitual abode in Sweden (i.e. is present in Sweden for six consecutive months according to established practice); or (c) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example, is engaged in trade or business in Sweden). An entity is resident in Sweden for Swedish tax purposes if it is organised under the laws of Sweden. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to any Noteholder. However, if amounts that are considered to be interest for Swedish tax purposes (and other yield on Notes) are paid to a Noteholder who is an individual or an estate of a deceased individual with tax residence in Sweden, Swedish preliminary taxes are normally withheld. Individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have had their habitual abode in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations (e.g. life insurance companies). Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution

in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S Federal Register and Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of such withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement originally dated 18 April 2018 (as amended and restated on 29 May 2019) (the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers (subject to the aggregate nominal amount of Notes outstanding not at any time exceeding EUR 10,000,000,000 or its equivalent in other currencies). However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement provides that the obligation of any Dealer to subscribe for Notes under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Notes. In the Dealer Agreement, the Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

References in this Prospectus to "**Permanent Dealers**" are to Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Nordea Bank Abp as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Selling Restrictions

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will specify whether TEFRA C or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date as determined by the Agent (based upon certifications it has received), or in the case of Notes issued on a syndicated basis, the Lead Manager of all Notes of the relevant Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting

forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exception from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II); or

(ii) a customer within the meaning the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as

used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms, or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge and belief, comply in all material respects with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

GENERAL AND LEGAL INFORMATION

Prospectus

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Group and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

Responsibility

The Issuer accepts responsibility for the information contained in the Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Dealers and the Arranger have not verified the content in this Prospectus and are thus not responsible for the information presented in this Prospectus.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for any act or omission of the Issuer or any other person in connection with the issue and offering of the Notes.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Agents. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Arranger, the Dealers or the Fiscal Agent, the Paying Agent, the Transfer Agent, the Registrar or any other Paying Agent (together, the "**Agents**") accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger, each Dealer and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger, the Dealers or the Agents that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers, the Arranger or the Agents undertakes to review the financial

condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arranger or the Agents.

Authorisation

The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer passed on 17 December 2018.

Approval and Listing

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (Lag (1991.980) om handel med finansiella instrument) (the "**Trading Act**"). Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Prospectus is correct and complete. This Prospectus is a base prospectus in accordance with Chapter 2, Section 16, of the Trading Act.

If listing is specified in the relevant Final Terms, the Issuer shall apply to list the Tranche of Notes at the specified listing venue.

Stabilisation

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Documents Available

During the validity period of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of each Issuer and from the specified office of the Agent in London:

(i) the certificate of registration and articles of association (with an English translation thereof) of the Issuer;

(ii) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2018 (in English and together with the audit report prepared in connection therewith);

(iii) the unaudited consolidated and non-consolidated interim report of the Issuer for the period ended 31 March 2019 (with an English translation thereof);

(iv) the most recently available audited consolidated annual financial statements of the Issuer and the most recently available published consolidated interim financial statements (if any) of the Issuer (in English and together with the audit reports prepared in connection therewith);

(v) the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Coupons and the Talons);

(vi) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and

(vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

Any documents which have been translated from Swedish to English are accurate translations.

This Prospectus and the Final Terms for Notes will be published on the Issuer's website at corporate.vattenfall.com/investors/funding/debt-issuance-programmes-and-credit-facilities/.

Clearing Systems

Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole, since 31 March 2019 (being the end of the last financial period for which financial information of the Issuer was presented) and no material adverse change in the prospects of the Issuer, since 31 December 2018 (being the end of the last financial period for which audited financial information of the Issuer was presented).

Litigation

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any of the Issuer's subsidiaries are aware) which may have or have had during the 12 months prior to the date hereof, a significant effect on the financial position or profitability of the Issuer or the Issuer and its subsidiaries taken as a whole.

Auditors

The auditor of the Issuer, Ernst & Young AB (the individual auditor in charge being Staffan Landén, Certified Public Accountant and a member of FAR, the professional institute for accountants in Sweden) have audited the Issuer's accounts prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 issued by the Swedish Financial Reporting Board and the Group's accounts prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted by the EU for the financial years ended 31 December 2017 and 31 December 2018, without qualification. The auditors of the Issuer and the Group have no material interest in the Issuer and the Group, as the case may be.

TEFRA

The Notes issued in bearer form for U.S. federal income tax purposes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) ("**TEFRA D**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) ("**TEFRA C**") or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Bearer Notes

Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Certain material interests

The Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Arranger and certain of the Dealers and their affiliates have provided, and may in the future provide, certain investment banking and/or commercial banking and other services to the Issuer and the Group for which they have received, or will receive, remuneration. In particular, the Arranger and certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Accordingly, conflicts of interest may exist or may arise as a result of the Arranger and certain of the Dealers having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

Material Agreements

The Issuer has not concluded any material agreements not entered into on the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders.

Documents Incorporated by Reference

The following documents which have previously been published or are published simultaneously with this Prospectus (available on the website of the Issuer at https://group.vattenfall.com/investors/financial-reports-and-presentations) shall be incorporated in, and form part of, this Prospectus:

(a) the auditors' report (which can be found at page 148), the consolidated and unconsolidated audited annual financial statements (including the notes thereto) (which can be found at pages 86-147) and the administration report (including risk management) (which can be found at pages 4, 8-11 and 62-84) set out in the annual report of the Issuer for the financial year ended 31 December 2018;

(b) the auditors' report (which can be found at page 156), the consolidated and unconsolidated audited annual financial statements (including the notes thereto) (which can be found at pages 86-155) and the administration report (including risk management) (which can be found at pages 5, 8-11 and 62-84) set out in the annual report of the Issuer for the financial year ended 31 December 2017; and

(c) the unaudited consolidated and unconsolidated interim report of the Issuer for the period ended 31 March 2019 on pages 13-31.

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Where only certain parts of the documents referred to above are incorporated by reference in this Prospectus, the parts of the document which are not incorporated by reference are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus.

Any documents which have been translated from Swedish to English are accurate translations.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer at SE-169 92 Stockholm, Sweden and the offices of Citibank, N.A., London Branch at Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, England. All documents incorporated by reference in this Prospectus can be viewed on the website of the Issuer at https://group.vattenfall.com/investors.

Supplementary Prospectus

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the SFSA in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so

modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes.

Alternative Performance Measures

The Issuer presents certain non-IFRS financial information in this Prospectus. These non-IFRS financial information are not recognised as measures under IFRS. The Issuer, however, uses this financial information because they believe that they are of use to their investors. According to the European Securities and Markets Authority ("**ESMA**") guidelines on Alternative Performance Measures ("**APM**"), the Issuer considers the following information presented in this Prospectus as APMs: EBIT (earnings before interest and tax), EBITDA (operating profit before depreciation, amortisation and impairment losses), items affecting comparability (capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material items that are of an infrequent nature), underlying EBITDA (underlying operating profit before depreciation, amortisation and impairment losses), underlying operating profit (operating profit (EBIT) excluding items affecting compatibility), funds from operations, free cash flow (cash flow from operating activities less maintenance investments, interest-bearing liabilities, net debt, adjusted net debt and capital employed (total assets less financial assets, non interest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt). All alternative performance measures used by the Issuer relate to its respective or the Group's past performance. The Issuer believes that these measures are useful in evaluating the Group's operative performance, the net value of the Group's portfolio, and the level of indebtedness and of cashflows generated by the Group's business. For a reconciliation of certain of the APMs referred to above, their components as well as their basis of calculation see pages 90, 91, 97 and 174 of the annual report of the Issuer for the financial year ended 31 December 2018.

Credit Ratings

The Issuer has been rated A3 (Senior Unsecured) and Baa1 (Subordinated) by Moody's Investors Service Ltd ("**Moody's**") and BBB+ (Senior Unsecured) and BBB (Subordinated) by S&P Global Ratings Europe Limited ("**S&P**"). Each of Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Moody's and S&P is included in the list of credit rating agencies published by ESMA on its website (esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be disclosed in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The following table sets out the possible ratings assigned by Moody's and S&P.

Moody's	**S&P**
Aaa	AAA
Aa1	AA+
Aa2	AA
Aa3	AA−
A1	A+
A2	A
A3	A−
Baa1	BBB+
Baa2	BBB
Baa3	BBB−
Ba1	BB+
Ba2	BB
Ba3	BB−
B1	B+
B2	B
B3	B−

Caa1	CCC+
Caa2	CCC
Caa3	CCC−
Ca	CC
	C
C	RD
/	SD
/	D

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