Increase profit, increase value creation, strengthen the balance sheet

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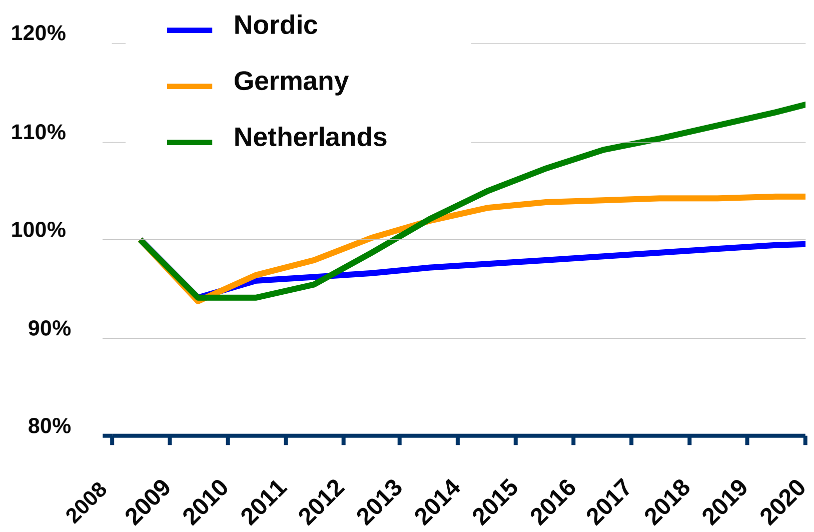
London, 22 September 2010

Strong demand 2010/H1 with slower recovery expected in Nordic

Differences in regional demand recovery



Large Nordic industrial consumer close-downs 2008-2010/H1:

Finland	~4,500 GWh	StoraEnso, UPM-Kymmene, Botnia, M-Real
Norway	~2,000 GWh	Norsk Hydro, Norske Skog
Sweden	~1,400 GWh	Holmen, Rottneros, StoraEnso, Artic Paper, Billerud

Nordic region:

- 30 TWh drop in demand since 2008.
- Strong 2010/H1 demand.
- Not believed to recover fully to 2008 levels before 2020.

Germany:

- Strong 2010/H1 demand.
- Faster recovery than Nordic.

The Netherlands:

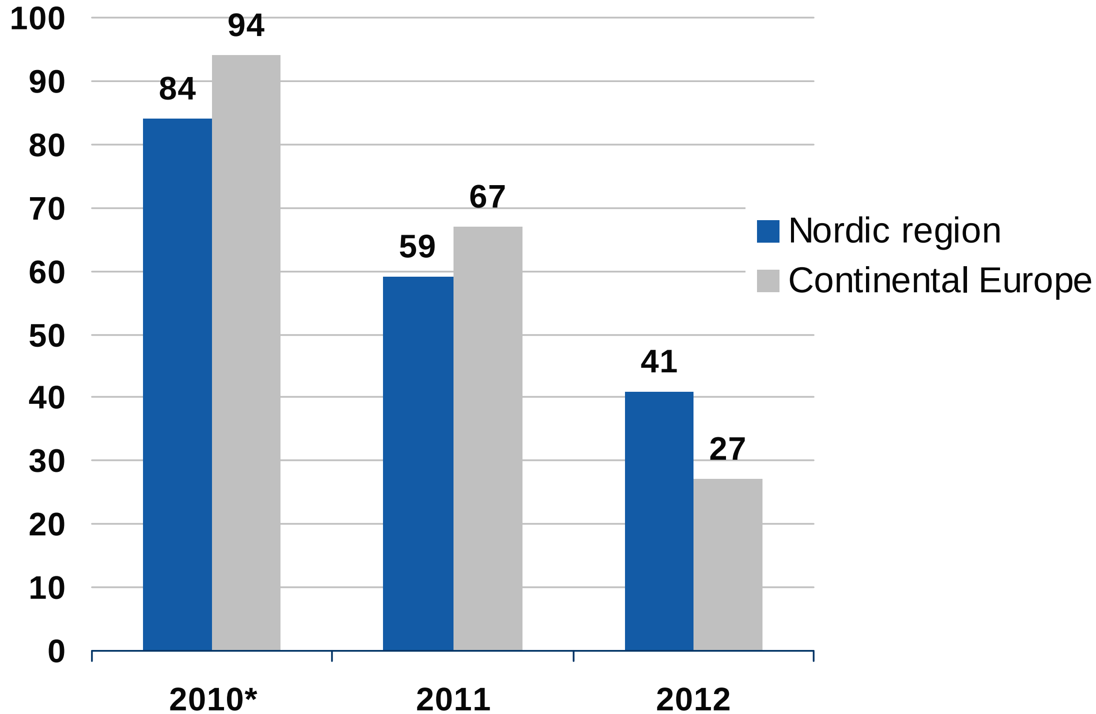
- Slightly slower recovery than Germany.
- Stronger mid-long term demand expected.

Short- and mid-term power price pressure and uncertainties

Weaker hydro balance and nuclear outages in Nordic	• Currently weak hydro balance (cold and dry winter). • More nuclear outages than normal (2009 – 2010). • Power prices may trend downwards mid-term 1-2 years (on improved nuclear and eventually normalised hydrology). • Increased spot price volatility (increased wind power).
German power prices under some pressure on neutral/ bearish fundamentals	• New power capacities expected next 1-3 years (coal, solar, wind). • Proposed longer nuclear life-cycles might impact long-term outlook. • Bumpy oil recovery. Demand will pick-up, supply-demand shall tighten. Gas market remain over-supplied short-term. • Uncertain CO_2 while also strong coal D/S, some long-term European supply uncertainties.
Generation margins might tighten on increasing competition	• Wind new build and bio-mass cofiring in power generation. • Nuclear production (short-/mid-term France and Sweden, mid-/long-term Finland while life-time extension Germany) • Increased CO_2 emission costs NAP3 (not 1:1 to market).

Comfortable hedge levels (position as of 30 June 2010)

% hedged of forecasted electricity generation



EUR/MWh	2010*	2011	2012
Nordic region	46	42	41
Continental Europe	57	56	56

* remaining part of 2010

Proposed German nuclear lifetime extension might add some pressure on generation margins, NPV being analyzed

Proposed nuclear life time extension

- German Government makes clear nuclear is part of energy policy.
- Low CO_2 emissions, security of supply and affordability.
- Political decision with different extension time for newer and older plants (all plants met the same stringent safety standards).
- Plant by plant analysis on-going:
  - CAPEX requirements
  - Fuel tax and renewable fund
  - Profit and value creation
- Still uncertainties and open issues, e.g. additional safety requirements.

Proposed life-time extensions

	TWh (100%)				
Nuclear plant	***Current***	***LTE***	***LTE years***	***Operator***	***Share***
Brunsbüttel	11	41	~8	Vattenfall E.ON	2/3 1/3
Brokdorf	105	146	~14	E.ON Vattenfall	80% 20%
Krümmel	88	124	~14	Vattenfall E.ON	50% 50%

LTE: Life-time extension (additional quantities excluding current remaining quantities).

Financial impact on Vattenfall

- Positive NPV on nuclear depending on CAPEX requirements.
- Might add some pressure on German generation margins.
- Uncertainties needs further analysis.

Proposed German nuclear fuel tax and the renewable fund

Nuclear fuel tax

- Limited to six years (2011-2016)
- 145 EUR/gr uranium (EUR 2.3 bn p.a.). Vattenfall's share would be EUR 161 mn p.a.

Fund for renewable energy

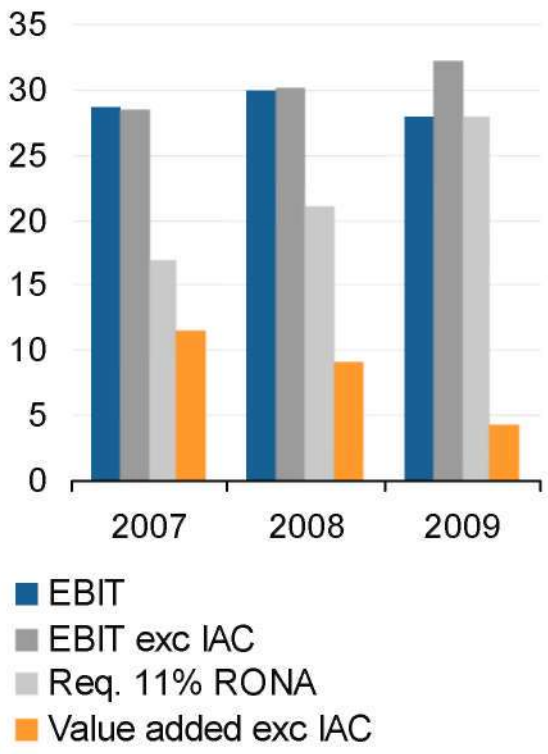
- Advance payments 2011-2016 (the operators is expected to pay EUR 300 mn/p.a. 2011-2012 and EUR 200 mn/p.a. 2013-2016). Per nuclear plant:

	2011-2012 (100%)	2011-2012 (Vattenfall share)	2013-2016 (100%)	2013-2016 (Vattenfall share)
Brunsbüttel	€11.52 mn p.a.	€7.7 mn p.a.	€7.68 mn p.a.	€5.1 mn p.a.
Brokdorf	€19.62 mn p.a.	€3.9 mn p.a.	€13.08 mn p.a.	€2.6 mn p.a.
Krümmel	€18.57 mn p.a.	€9.3 mn p.a.	€12.38 mn p.a.	€6.2 mn p.a.
		€20.9 mn p.a.		€13.9 mn p.a.

- Payment of 9 EUR/MWh per used MWh of the LTE, starting 2017. This payment is off-set over a six-year period as of start of respective LTE against the advance payments made. Include an escalation mechanism linked to CPI and electricity prices (if exceeding certain thresholds), as well as downside protection.

Increase profit and value creation next three years

Value creation decreased last three year



Improve operating performance

SEK 6 bn cost reduction (-11%)

- Purchasing
- Operating, maintenance, sales and administration.

Strengthening the balance sheet

SEK 36 bn rolling 5-yr CAPEX reduction (-18%)

Evaluate possibility to divest assets

- Reduce CO_2 exposure
- Financial resources for growth in low emission assets

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High priority to improve operating performance

Short term Initiatives (2010/H2)

- Freeze on new recruitments.
- Freeze on consultancy hires.
- Accelerated IT initiatives.
- Accelerated purchasing savings
- No restructuring cost.

Mid term performance improvement, SEK 6 bn (2011-2013)

Purchasing:

- Improve coordination
- Improve standardisation

Operating, maintenance, sales, administration:

- Increase focus on core deliverables
- Increase process focus
- Increase cross-border standardisation

New organisational structure facilitate performance improvement

- Business-led divisions
- Functionally organised support functions

Operating improvements will be easier to achieve

Accountability and performance transparency will increase

Capturing of cost and personnel synergies will be facilitated

Improve profit and cash flow

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Strong commitment to strengthen the balance sheet and to strengthen financial flexibility and resources

1 CAPEX reduction and focus

- SEK 36 bn rolling 5-year reduction (-18%)
- Substantial generation capacity increase 2011-13
- Increased focus on low-emission investments (wind, bio, nuclear)

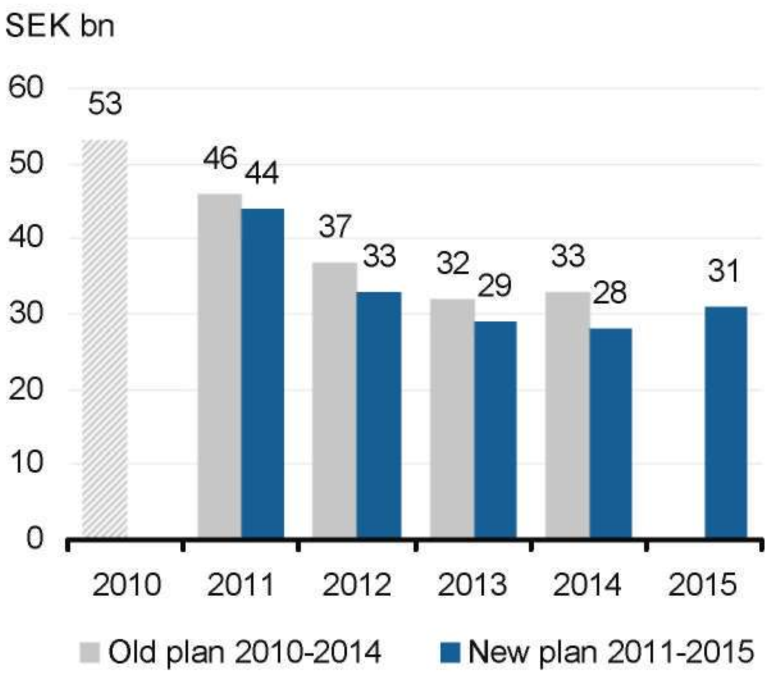
2 Evaluate possibilities to divest

- Reduce CO_2 exposure
- Financial resources for growth in low emission assets
  - Cash proceeds
  - CAPEX avoidance (CO_2)
  - Reduce Net Asset and Debt

- Reduce Net Assets
- Reduce Debt

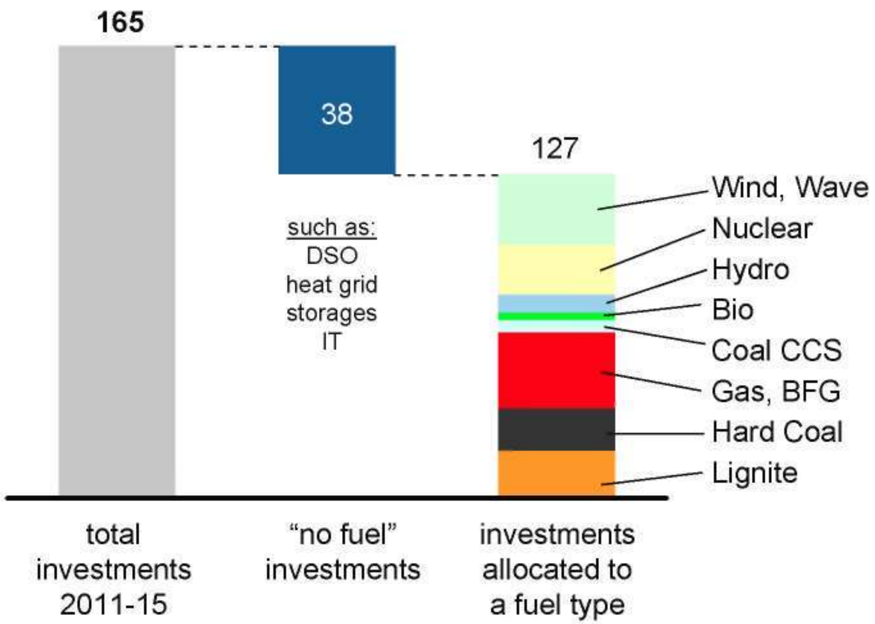
CAPEX reduction to support strengthening the balance sheet

18% CAPEX reduction on a rolling 5-yr basis



In addition, payment for the additional shares in Nuon 2011, 2013 and 2015 total approximately SEK 50 bn.

Well diversified fuel split 2011-2015



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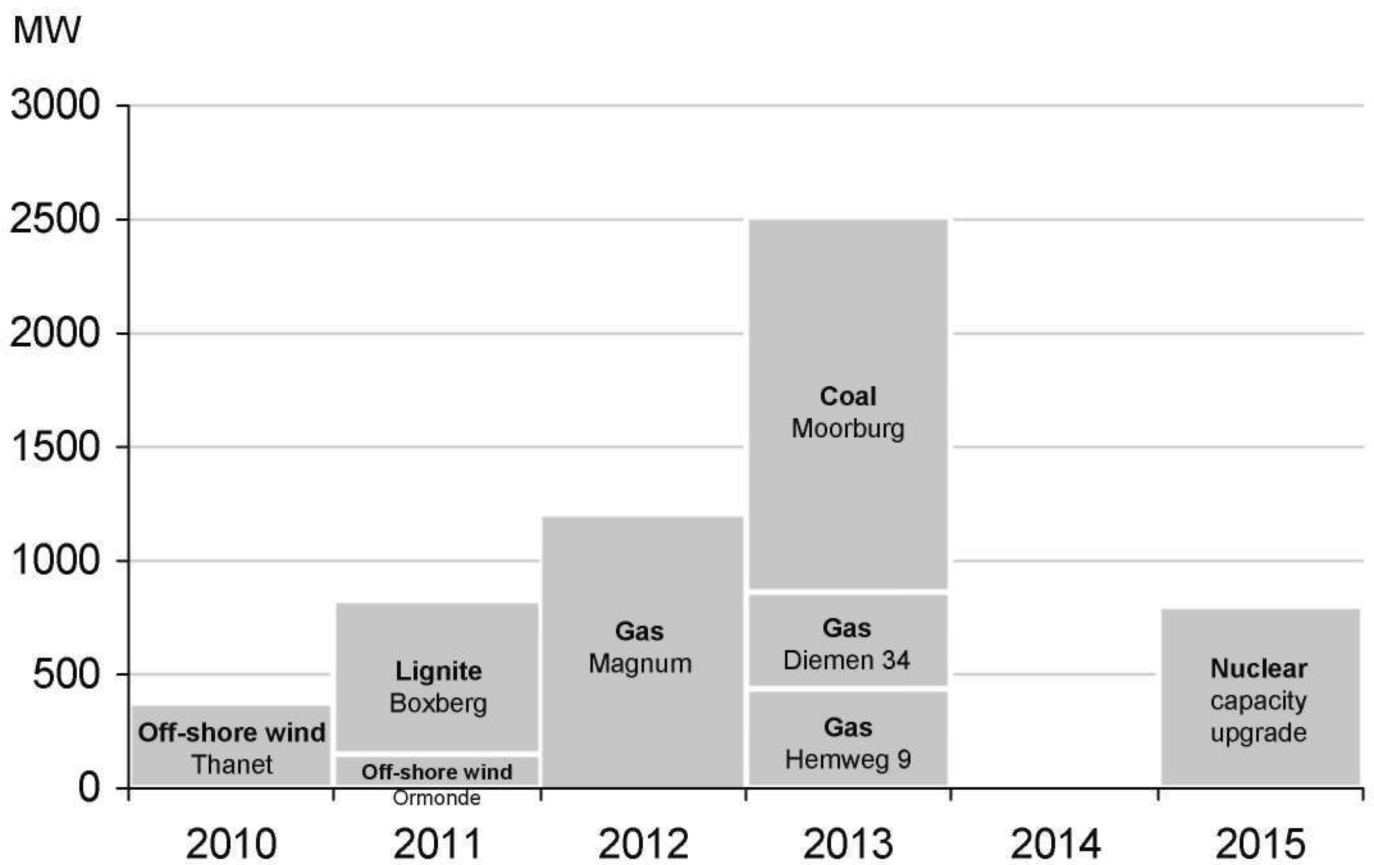
SEK 89 bn or 5,630 MW of new generation capacity to be commissioned short- to mid-term (larger growth investments)



- Increased earning base

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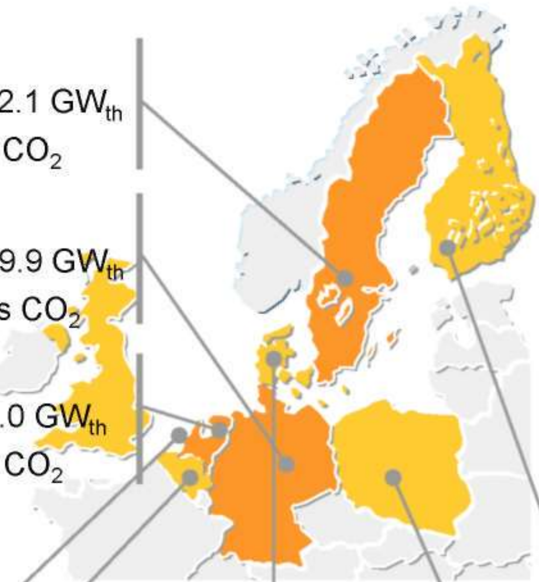
Focus on the core markets, evaluate possibilities to divest on commercially attractive terms

Sweden
- 14.3 GW_{el} + 2.1 GW_{th}
- 0.4 Mtonnes CO_2

Germany
- 15.9 GW_{el} + 9.9 GW_{th}
- 67.6 Mtonnes CO_2

Netherlands
- 3.8 GW_{el} + 2.0 GW_{th}
- 9.1 Mtonnes CO_2



Upstream gas
- ~5 bcm

Belgium
- 0.3 mn customers
- <0.1 TWh wind

Denmark heat
- 1.4 GW_{el} + 1.6 GW_{th}
- 6.2 Mtonnes CO_2

Poland distribution, heat, retail and wind
- 0.9 GW_{el} + 4.7 GW_{th}
- 6 Mtonnes CO_2

Finland sales B2C, distribution, heat
- 0.4 GW_{el} + 0.8 GW_{th}
- 0.3 Mtonnes CO_2

Reduce the production portfolio's CO_2 exposure

Free resources for financial flexibility

Grow in low CO_2 emitting energy production and gas

Reshaped portfolio, strengthened balance sheet

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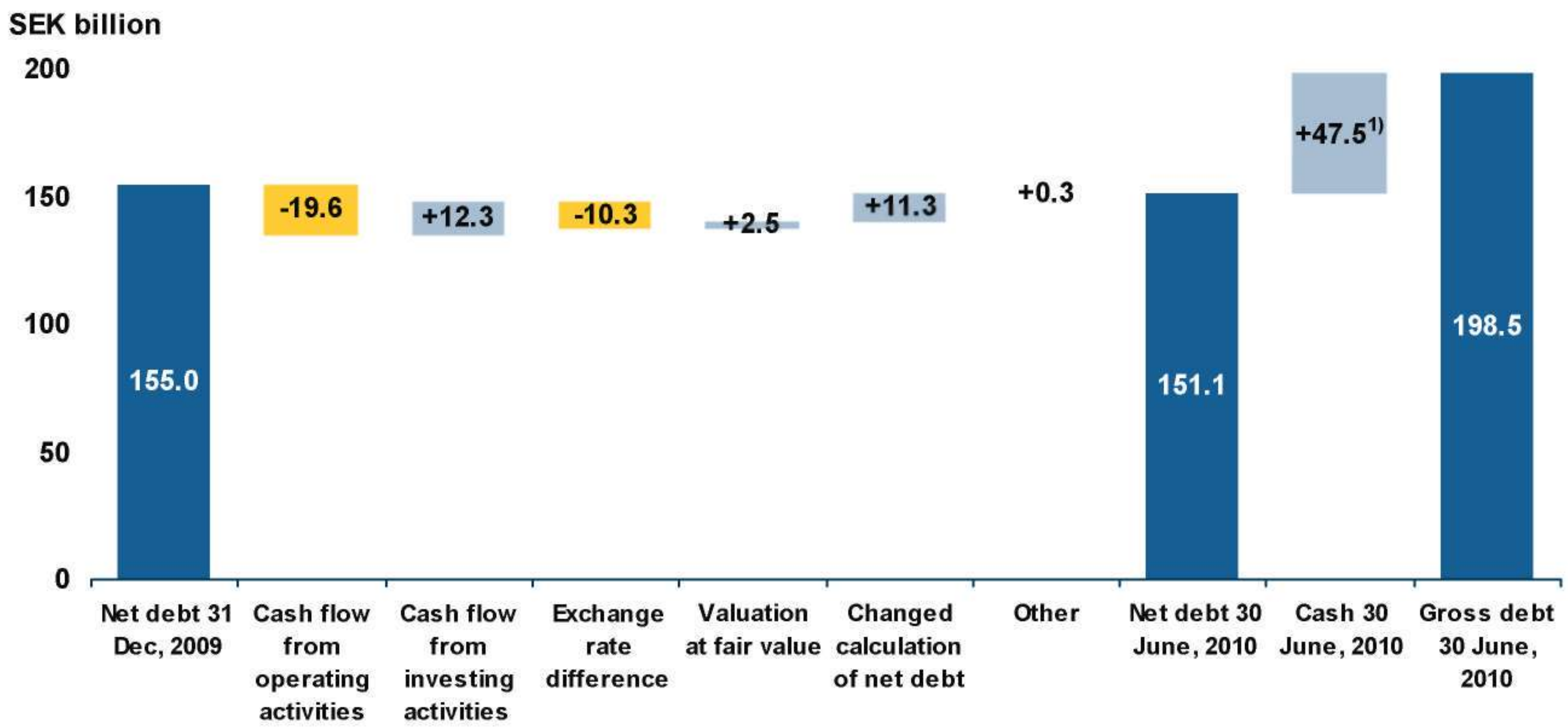
Relatively stable net debt development H1 2010



[1] Includes loans to minority owners in foreign subsidiaries of SEK 1.8 bn (excluded from liquidity calculation)

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Strong liquidity position

As of 30 June 2010

Group liquidity (SEK million)	
Cash and equivalents	21 279
Short term investments	24 365
Reported cash, cash equivalents & short term investments	**45 644**
Restricted cash [1]	-9 326
Available cash	**36 318**

Committed credit facilities	Line size	Amount available
RCF (maturity Feb 2013)	EUR 1000 million	SEK 9 501 million
Overdraft facility	SEK 100 million	SEK 100 million
Total undrawn		**SEK 9 601 million**
Other credit lines unutilised		*SEK 7 925 million*

Debt maturities [2] (SEK million)	
- within 90 days	560
- within 180 days	1 641

[1] German nuclear "Solidarvereinbarung" 3 234, Minority owner´s share of German nuclear subsidiaries cash position 3 610, Margin calls paid and others 2 482
[2] Exluding loans from minority owners and associated companies

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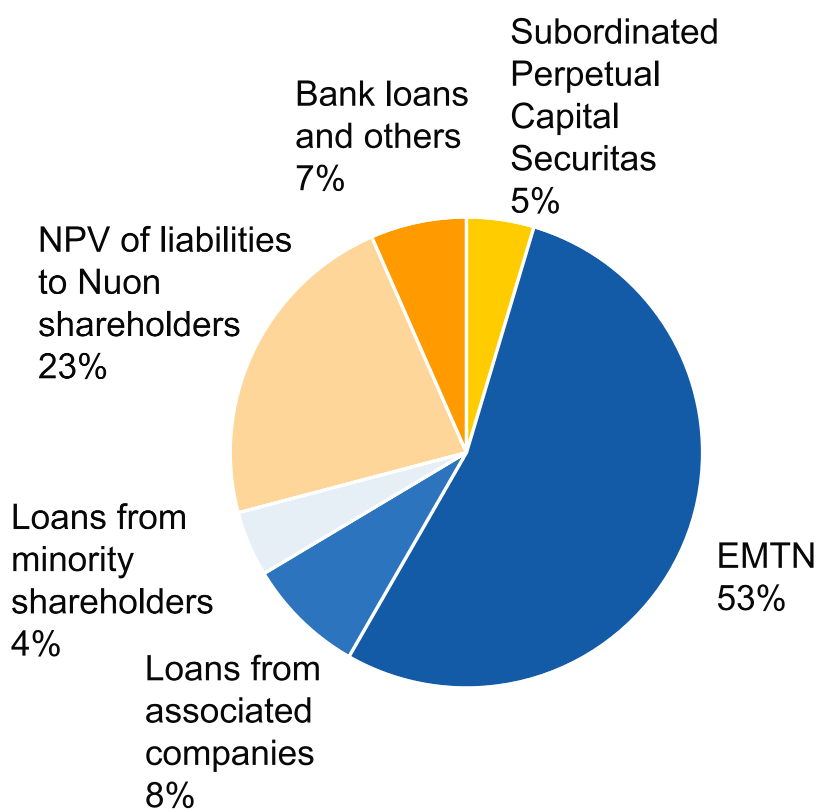
Gross debt; standardised terms, transparent

Total debt 30 June 2010[1] : (SEK 198.5 bn / EUR 20.9 bn)



Funding programmes	Size (EURm)	Utilisation (EURm)
EUR 15 bn Euro MTN	15 000	10 604
EUR 2 bn Euro CP	2 000	0
SEK 15 bn Domestic CP	1 579	0
Total	**18 579**	**10 604**

- All public debt issued by Vattenfall AB
- No currency exposure in the debt portfolio
- No structural subordination
- Anticipated refinancing need in H2 2011: EUR 2 bn

[1] Of which external market debt: SEK 128.6 bn (65%)

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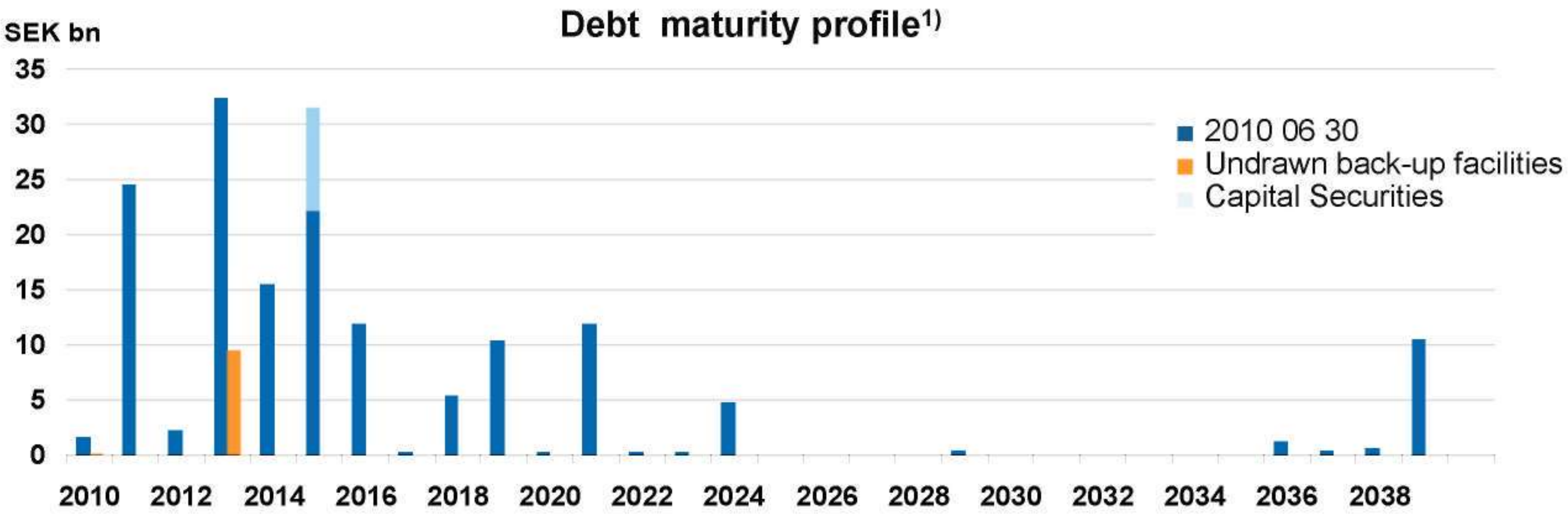
No refinancing or funding need in 2010



Key features	2010-06-30	2009-06-30
Duration (years)	4.3[2)]	4.0
Average time to maturity (years)	6.9[2)]	9.2
Average interest rate (%)	3.4[2)]	4.7
Net debt (SEK bn)	151.1	63.5

[1)] Excluding loans from associated companies and minority owners
[2)] Based on external debt, excluding Capital Securities.

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Development of reported and adjusted net debt

Net debt (SEK bn)	June 30 2010	Dec 31 2009
Capital Securities	-9,4	-10,3
Bond loans and liabilities to credit institutions	-113,2	-122,1
Present value of liability pertaining to acquisition of N.V. Nuon Energy	-44,9	-49,4
Liabilities to associated companies	-16,4	-16,7
Liabilities to minority shareholders	-8,7	-8,0
Other liabilities	-6,0	-7,0
Total interest-bearing liabilities	**-198,5**	**-213,5**
Cash and cash equivalents	21,3	10,6
Short-term investments	24,4	46,4
Loans to minority owners of foreign subsidiaries	1,8	1,5
Net Debt	**-151,1**	**-155,0**

Adjusted net debt (SEK bn)	June 30 2010	Dec 31 2009
Total interest-bearing liabilities	**-198,5**	**-213,5**
50% of Capital securities	4,7	5,1
Present value of net pension obligations	-19,6	-21,2
Mining & environmental provisions	-13,3	-14,4
Nuclear asset retirement obligations	-5,8	-6,7
Cross currency swaps	3,5	1,3
Margin calls received	4,8	5,5
Liabilities to minority owners due to consortium agreements	8,1	7,6
Adjusted gross debt	**-216,1**	**-236,3**
Reported cash, cash equivalents & short term investments	45,6	56,9
Restricted cash	-9,3[1)]	-25,6
Adjusted cash, cash equivalents & short term investments	**36,3**	**31,3**
Adjusted net debt	**-179,8**	**-205,0**

[1]) Of which: German nuclear ”Solidarvereinbarung” 3 234, Minority owner´s share of German nuclear subsidiaries cash position 3 610, Margin calls paid and others 2 482

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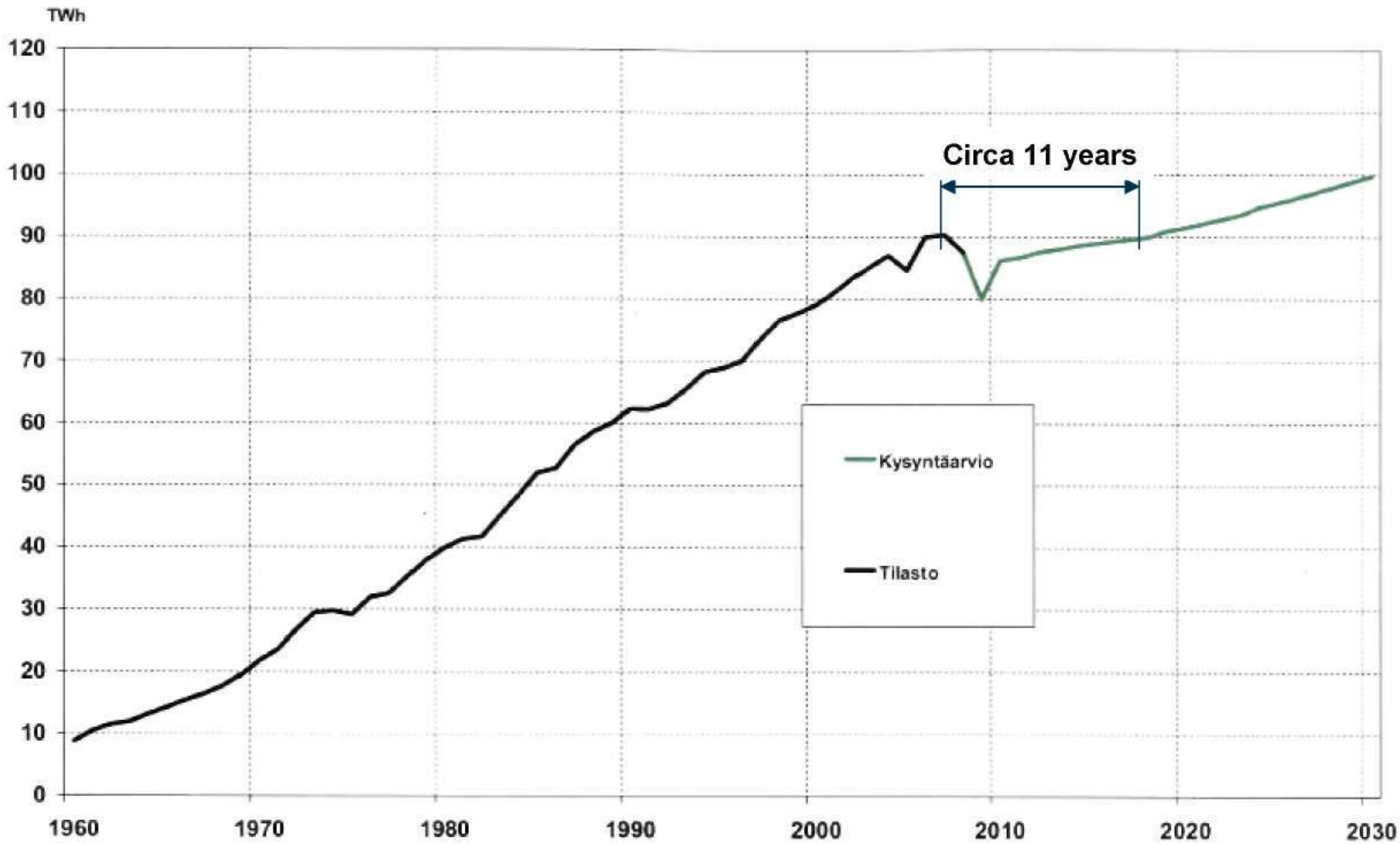
We have a very clear focus next 2-3 years:

- Increase profit and value creation
- Strengthen the balance sheet
- Ample liquidity, short-term funding not expected

Appendix

Slow recovery in Finland as forecasted by Energiateollisuus (Finnish Energy Industries), November 2009



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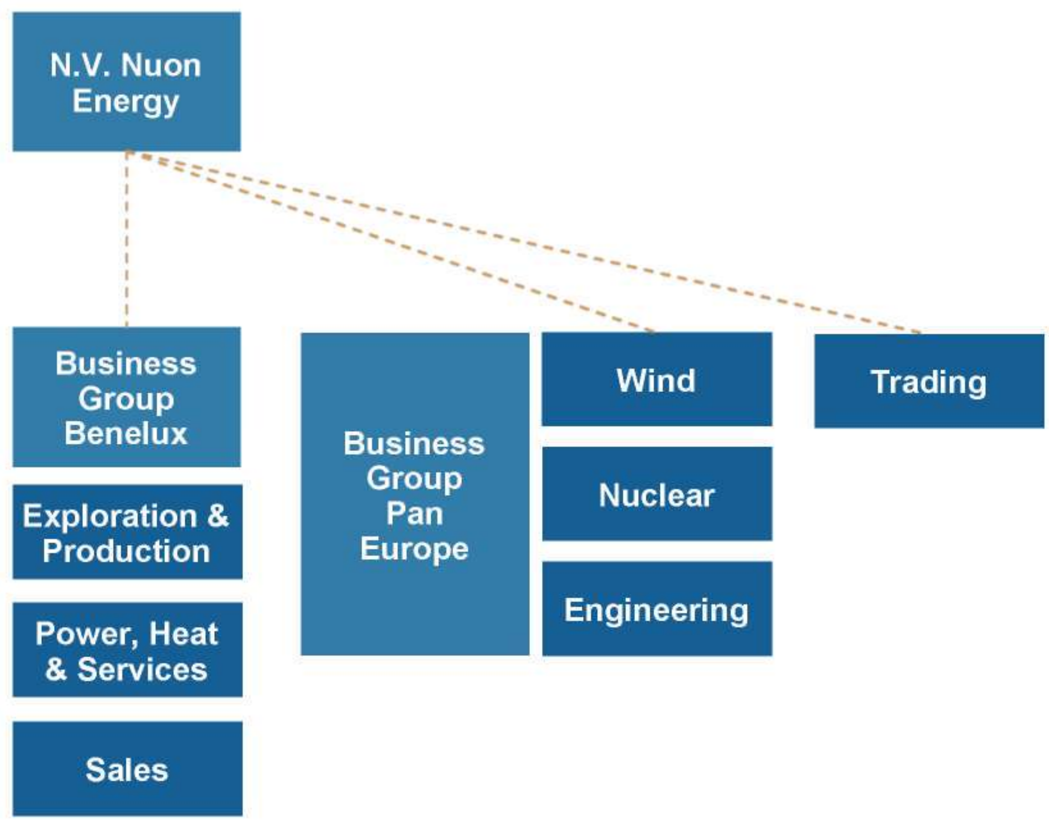
Follow-up on integration of Nuon

- NV Nuon Energy consolidated 1 July 2009.
- Nuon businesses and reporting integrated into Vattenfall's structure.
- Integration process finalised 31 December 2009.



Margin calls – definition

Margin calls

A margin call is a marginal security (collateral) that the holder of a derivative position must pledge to cover the credit risk of its counterparty, either bilaterally via OTC or through an exchange.

At Vattenfall margin calls occur within energy trading and within treasury operations. As from Q1 2010 accounting principles differ between those two. While margin calls pertaining to energy trading impact working capital, treasury related margin calls do not impact working capital but cash flow from financing activities. Previously bilateral margin calls related to energy trading also impacted cash flow from financing activities.

Credit Support Annex (CSA)

A Credit Support Annex, CSA, is a legal document which regulates credit support (collateral) for derivative transactions. It defines the terms and rules under which collateral is posted or transferred between counterparties to mitigate the credit risk arising from “in the money” derivative positions.

Margin calls - status

Margin calls (SEK m)	Q2 2010	Q2 2009	Change
Variation margins (exchanges)	2 422	12	2 410
Bilateral margins (OTC)	6 620	0 [1)]	6 620
Sum	**9 041**	**12**	**9 030** [2)]

Comments

- In total, Vattenfall is in a net selling position (long in generation).
- A moderate increase in market prices has lead to received margin payments from Vattenfalls OTC counterparts and exchanges as Vattenfall has a net buying position towards counterparts where Vattenfall has margining agreements (CSA agreements).
- The selection of CSA counterparties is mainly driven by Vattenfall's aim to minimize credit risk.
- There was no fundamental change in trading strategy or portfolio structure.

[1)] This figure is not restated. If we had used the new accounting principle the figure would have been 1.2 billion SEK.
[2)] Adjusted for moving CSA margin payments from financing activities to working capital the change is bn SEK 8 230.

Recently completed divestments

(SEK bn)	Cash effect	Capital gain/loss	Divestment date
Shares in Pite, Luleå, Jämtkraft	1.1	0.7	Q2-Q4 2009
Wemag AG	1.8	-0.8	Q4 2009
50 Hertz AG	7.2	-5.4	Q1 2010

[1] Including transport pipe line

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