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8 November 2017

VATTENFALL AB (publ) ANNOUNCES TENDER OFFER

Vattenfall AB (publ) (the “**Company**”) announces that it is inviting Qualifying Holders of its outstanding £1,000,000,000 6.875 per cent. Notes due 2039 (ISIN: XS0422688019) (the “**Notes**”) to submit offers to sell Notes held by such holders to the Company for cash (the “**Tender Offer**”).

The Tender Offer is made on the terms and subject to the conditions contained in the Tender Offer Memorandum dated 8 November 2017 (the “**Tender Offer Memorandum**”) and should be read in conjunction with the Tender Offer Memorandum. Capitalised terms used but not otherwise defined in this announcement shall have the meaning given to them in the Tender Offer Memorandum.

Description of the Notes	ISIN	Outstanding Nominal Amount	Benchmark Security	Purchase Spread	Maximum Purchase Spread	Amount subject to the Tender Offer
£1,000,000,000 6.875 per cent. Notes due 2039	XS0422688019	£1,000,000,000	UKT 4.25 per cent. due 2039 (ISIN: GB00B3KJDS62)	To be determined pursuant to a modified Dutch auction procedure as set out herein	105 bps	Subject as set out herein, up to £250,000,000 in aggregate nominal amount of Notes

RATIONALE FOR THE TENDER OFFER

The rationale for the Tender Offer is to optimise the Company’s cost of debt and balance sheet structure. The Company has a strong liquidity position and therefore is offering to provide investors liquidity in the Notes through the Tender Offer.

DETAILS OF THE TENDER OFFER

THE TENDER OFFER WILL COMMENCE ON 8 NOVEMBER 2017 AND WILL EXPIRE AT 4.00 P.M. (LONDON TIME) ON 15 NOVEMBER 2017 UNLESS EXTENDED, WITHDRAWN, AMENDED OR TERMINATED AT THE SOLE DISCRETION OF THE COMPANY.

Notes purchased by the Company pursuant to the Tender Offer will be cancelled by the Company. Notes which have not been validly submitted and accepted for purchase pursuant to the Tender Offer will remain outstanding.

In respect of any Notes validly Offered for Sale and accepted for purchase by the Company pursuant to the Tender Offer, the Company will pay a purchase price (the “**Purchase Price**”) determined at or around 2.00 p.m. (London time) on 16 November 2017 (the “**Pricing Time**”) in the manner described in the Tender Offer Memorandum by reference to the sum (annualised) (such sum the “**Purchase Yield**”) of the Purchase Spread and the Benchmark Security Rate.

The Purchase Spread will be determined pursuant to a modified Dutch auction procedure as described in the Tender Offer Memorandum (the “**Modified Dutch Auction Procedure**”).

Purchase Spread – Modified Dutch Auction Procedure

Under the Modified Dutch Auction Procedure, the Company will determine, in its sole discretion, following expiration of the Tender Offer, (i) the aggregate nominal amount of Notes (if any) it will accept for purchase pursuant to the Tender Offer (such amount, the “**Final Acceptance Amount**”) and (ii) a single purchase spread (expressed as a percentage) that it will use in the calculation of the Purchase Price, taking into account the aggregate nominal amount of the Notes validly Offered for Sale and the purchase spreads specified (or deemed to be specified, as set out below) by tendering Holders.

The Purchase Spread will not be more than 105 bps (the “**Maximum Purchase Spread**”) and will in any case be the highest spread (producing the lowest price for the Notes) that will enable the Company to accept for purchase the Final Acceptance Amount.

The Company reserves the right to determine the Final Acceptance Amount at its sole and absolute discretion.

The Company currently proposes to accept for purchase pursuant to the Tender Offer, and accordingly to set the Final Acceptance Amount at, up to £250,000,000 in aggregate nominal amount of the Notes, subject to (i) the right of the Company, in its sole and absolute discretion, to accept less than such amount for purchase pursuant to the Tender Offer and (ii) the right of the Company, in its sole and absolute discretion, to accept or reject valid Offers to Sell.

Electronic Instructions

In order to participate in, and be eligible to receive the Purchase Price and the Accrued Interest Amount pursuant to, the Tender Offer, Holders must validly Offer to Sell their Notes by delivering, or arranging to have delivered on their behalf, a valid Electronic Instruction that is received by the Tender and Information Agent by 4.00 p.m. (London time) on 15 November 2017 (the “**Expiration Time**”).

Electronic Instructions will be irrevocable except in the limited circumstances described in the Tender Offer Memorandum.

Electronic Instructions relating to the Notes may be submitted on a "non-competitive" or a "competitive" basis as follows:

- a Non-Competitive Electronic Instruction is an Electronic Instruction that either (i) does not specify a purchase spread for the Notes, or (ii) specifies a purchase spread that is greater than or equal to the Maximum Purchase Spread. Each Non-Competitive Electronic Instruction, whether falling within (i) or (ii) above, will be deemed to have specified the Maximum Purchase Spread for the relevant Notes; and
- a Competitive Electronic Instruction is an Electronic Instruction that specifies a purchase spread that is less than the Maximum Purchase Spread. Purchase spreads may only be specified in increments of 1 bp below the Maximum Purchase Spread in such Competitive Electronic Instruction. In the event that any Competitive Electronic Instruction specifies a purchase spread that is not an increment of 1 bp below the Maximum Purchase Spread, the purchase spread so specified shall be rounded up to the nearest such increment of 1 bp, and such Competitive Electronic Instruction shall be deemed to have specified such rounded figure as the purchase spread.

Each Non-Competitive Electronic Instruction and Competitive Electronic Instruction must specify the nominal amount of Notes being offered pursuant to the relevant Electronic Instruction.

The Company is obliged to accept all Notes validly Offered for Sale pursuant to Non-Competitive Electronic Instructions if it accepts any Notes validly Offered for Sale pursuant to any Competitive Electronic Instructions.

Electronic Instructions must be submitted in respect of a minimum nominal amount of Notes of no less than £50,000, being the minimum denomination of the Notes and may thereafter be submitted in integral multiples of £1,000. A Qualifying Holder who holds less than £50,000 in nominal amount of the Notes would need to purchase a nominal amount of Notes such that its holding amounts to at least £50,000 before being able to participate in the Tender Offer.

Acceptance and Scaling

If the Company decides to accept any Notes for purchase pursuant to the Tender Offer and the aggregate nominal amount of Notes validly tendered for purchase is greater than the Final Acceptance Amount, the Company intends to accept for purchase Notes pursuant to the procedures outlined in this section.

Once the Company has determined the Purchase Spread, the Company will accept tenders of Notes in the following order:

- (a) all Notes validly Offered for Sale pursuant to Non-Competitive Electronic Instructions will be accepted first, subject to possible pro-ration in the event that such tenders of Notes have been made in a greater nominal amount than the Final Acceptance Amount;
- (b) all Notes validly Offered for Sale pursuant to Competitive Electronic Instructions that specify a purchase spread higher than the Purchase Spread will be accepted second, subject to possible pro-ration in the event that such Notes Offered for Sale pursuant to Competitive Electronic Instructions, when aggregated with all Notes validly Offered for Sale pursuant to Non-Competitive Electronic Instructions, result in a greater nominal amount than the Final Acceptance Amount; and
- (c) all Notes validly Offered for Sale pursuant to Competitive Electronic Instructions that specify purchase spreads equal to the Purchase Spread will be accepted third, subject to possible pro-ration in the event that such Notes Offered for Sale pursuant to Competitive Electronic Instructions, when aggregated with all tenders of Notes referred to above and accepted for purchase, result in a greater nominal amount than the Final Acceptance Amount.

In the event that Notes validly Offered for Sale are to be accepted on a pro rata basis, each such tender of Notes will be scaled by a factor (a “**Scaling Factor**”) equal to (i) the Final Acceptance Amount, less the aggregate nominal amount of the Notes that have been validly Offered for Sale and accepted for purchase and are not subject to acceptance on a pro rata basis (if any), divided by (ii) the aggregate nominal amount of the Notes that have been validly Offered for Sale pursuant to the Tender Offer and are subject to acceptance on a pro rata basis (subject to adjustment to allow for the aggregate nominal amount of Notes accepted for purchase, following the rounding of tenders of Notes down to the nearest £1,000 in nominal amount, to equal the Final Acceptance Amount exactly).

In the event of any such scaling, the Company will only accept valid tenders of Notes subject to scaling to the extent such scaling will not result in (a) the relevant Holder transferring Notes to the Company in an aggregate nominal amount of less than £50,000, being the minimum denomination of the Notes or (b) the relevant Holder’s residual amount of Notes (being the nominal amount of the Notes the subject of the relevant Electronic Instruction that are not accepted for purchase by virtue of such scaling) totalling less than the minimum denomination.

Tender Consideration

The Tender Consideration payable on the Settlement Date to a Qualifying Holder whose Notes are validly Offered for Sale and accepted for purchase by the Company pursuant to the Tender Offer will be an amount

in pounds sterling equal to the sum of: (i) the product of (x) the Purchase Price and (y) the aggregate nominal amount of the Notes accepted for purchase by the Company from such Qualifying Holder and (ii) the Accrued Interest Amount in respect of such Notes, rounded, if necessary, to the nearest £0.01, with half a pence being rounded upwards.

Settlement

The Settlement Date for the Tender Offer is expected to be 21 November 2017, subject to the right of the Company to amend or vary the terms of (including the timetable for) the Tender Offer.

EXPECTED TIMETABLE

Please note the following important dates and times relating to the Tender Offer. Each is indicative only and is subject to change, including as a result of any extension, termination, withdrawal or amendment as set out under "Extension, Termination and Amendment". Terms used below have the meaning given to them in the Tender Offer Memorandum.

The anticipated transaction timetable is summarised below:

Events/Dates	Times and Dates
Launch Date	8 November 2017
Tender Offer announced. Clearing System Notices distributed via the Clearing Systems and Tender Offer Memorandum available to Qualifying Holders upon request. Beginning of Tender Offer Period.	
Expiration Time	4.00 p.m. (London time) on 15 November 2017
Deadline for receipt by the Tender and Information Agent of Electronic Instructions. End of Tender Offer Period.	
<i>Qualifying Holders should note that Electronic Instructions must be submitted in accordance with the deadlines of the Clearing System, which will be before the Expiration Time.</i>	
Announcement of indicative results of the Tender Offer	At or before 11.00 a.m. (London time) on 16 November 2017
Indicative results announcement indicating (i) the aggregate nominal amount of Notes expected to be accepted for purchase, (ii) the expected Purchase Spread and (iii) any indicative Scaling Factor (if applicable).	
Pricing Time	At or around 2.00 p.m. (London time) on 16 November 2017
Determination of the Benchmark Security Rate, the Purchase Spread, the Purchase Yield and the Purchase Price.	

Announcement of the results of the Tender Offer: As soon as reasonably practicable after the Pricing Time on 16 November 2017

Announcement of whether the Company will accept any Notes for purchase pursuant to the Tender Offer and, if so accepted, the Final Acceptance Amount, the Purchase Spread, the Purchase Yield, the Purchase Price, the Accrued Interest Amount and any Scaling Factor.

Settlement Date Expected 21 November 2017

Settlement of the Tender Offer.
Payment of Tender Consideration in respect of Notes accepted for purchase.

Qualifying Holders are advised to check with any Intermediary through which they hold their Notes as to the deadlines by which such Intermediary would require receipt of instructions from Qualifying Holders to participate in, or (in the limited circumstances in which revocation is permitted) to revoke their instructions to participate in, the Tender Offer in accordance with the terms and conditions of the Tender Offer as described in the Tender Offer Memorandum in order to meet the deadlines for tender or, as the case may be, revocation (which will be earlier than the deadlines set out in the Tender Offer Memorandum) and the corresponding deadlines set by the Clearing Systems.

Qualifying Holders are advised to read carefully the Tender Offer Memorandum for full details of, and information on the procedures for participating in, the Tender Offer.

Barclays Bank PLC is acting as Dealer Manager in connection with the Tender Offer and Lucid Issuer Services Limited is acting as Tender and Information Agent. For detailed terms of the Tender Offer please refer to the Tender Offer Memorandum which (subject to distribution restrictions) can be obtained from the Dealer Manager and the Tender and Information Agent referred to below:

DEALER MANAGER

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

Tel: +44 (0) 20 3134 8515

Attn: Liability Management Group

Email: eu.lm@barclays.com

THE TENDER AND INFORMATION AGENT

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Tel: +44 (0) 20 7704 0880

Attn: Victor Parzyjagla

Email: vattenfall@lucid-is.com

THIS ANNOUNCEMENT IS RELEASED BY VATTENFALL AB (publ) AND CONTAINS INSIDE INFORMATION IN RELATION TO THE NOTES WHICH IS DISCLOSED IN ACCORDANCE WITH THE MARKET ABUSE REGULATION. FOR FURTHER INFORMATION, PLEASE CONTACT JOHAN SAHLQVIST, HEAD OF INVESTOR RELATIONS, VATTENFALL AB (publ).

DISCLAIMER

This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Tender Offer. If any Qualifying Holder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including as to any tax consequences, from a stockbroker, bank manager, solicitor, tax advisor, accountant or other appropriately authorised independent financial adviser. Any Qualifying Holder whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other Intermediary must contact such entity if it wishes to offer Notes in the Tender Offer. None of the Company, the Dealer Manager or the Tender and Information Agent nor any of their respective directors, employees, officers, agents or affiliates expresses any opinion about the merits of the Tender Offer or makes any recommendation whether Qualifying Holders should offer Notes in the Tender Offer. None of the Dealer Manager, the Tender and Information Agent or any of their respective directors, employees, officers, agents or affiliates makes any representation or recommendation whatsoever regarding this announcement or the Tender Offer Memorandum, or takes any responsibility for the contents of this announcement or the Tender Offer Memorandum.

OFFER RESTRICTIONS

Nothing in this announcement or the Tender Offer Memorandum or the electronic transmission thereof constitutes an invitation to participate in the Tender Offer in or from any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws. The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum comes are required by each of the Company, the Dealer Manager and the Tender and Information Agent to inform themselves about, and to observe, any such restrictions. In those jurisdictions that require that the Tender Offer be made by a licensed broker or dealer and the Dealer Manager or any of its affiliates is such a licensed broker or dealer in that jurisdiction, the Tender Offer shall be deemed to be made by the Dealer Manager or such affiliate, as the case may be, on behalf of the Company in such jurisdiction.

United States

The Tender Offer is not being made and will not be made directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce of, or of any facilities of a national securities exchange in the United States or to U.S. persons as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) (each a “**U.S. person**”) and the Notes may not be tendered in the Tender Offer by any such use, means, instrumentality or facility from or within the United States, by persons located or resident in the United States or by U.S. persons.

Accordingly, copies of this announcement, the Tender Offer Memorandum and any documents or materials related to the Tender Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees, trustees) in or into the United States or to any persons located or resident in the United States. Any purported offer to sell in response to the Tender Offer resulting directly or indirectly from a violation of these restrictions will be invalid, and offers to sell made by a person located or resident in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or any U.S. person will not be accepted.

Each Holder of Notes participating in the Tender Offer will represent that it is not a U.S. person, it is not located in the United States and it is not participating in the Tender Offer from the United States or it is acting on a non-discretionary basis for a principal that is not a U.S. person, that is located outside the United States and that is not giving an order to participate in the Tender Offer from the United States.

For the purposes of the above paragraph, “**United States**” means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

United Kingdom

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer is not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France

The Tender Offer is not being made, directly or indirectly, to the public in the Republic of France. Neither this announcement, the Tender Offer Memorandum nor any other offering material relating to the Tender Offer may be distributed to the public in the Republic of France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personne fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/ or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier* are eligible to participate in the Tender Offer. Neither this announcement, the Tender Offer Memorandum, nor any other such offering material has been submitted for clearance to nor approved by the *Autorité des marchés financiers*.

Republic of Italy

The Tender Offer has not been notified to Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) and neither this announcement, the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer and/or to the Notes have been or will be submitted to the clearance procedure of CONSOB, pursuant to applicable Italian laws and regulations.

The Tender Offer is being carried out in Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis, of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4, of the CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Qualifying Holders that are located in Italy can tender their Notes for purchase in the Tender Offer through authorised entities (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB, the Bank of Italy or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes or the Tender Offer.

Switzerland

Neither this announcement, the Tender Offer Memorandum nor any other offering or marketing material relating to the Tender Offer constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. Accordingly, the investor protection rules otherwise applicable to investors in Switzerland do not apply to the Tender Offer. If in doubt, investors based in Switzerland are recommended to contact their legal, financial or tax adviser with respect to the Tender Offer.

General

Neither this announcement nor the Tender Offer Memorandum constitute an offer to buy or the solicitation of an offer to sell Notes, and tenders of Notes for purchase pursuant to the Tender Offer will not be accepted from Holders, in any circumstances in which such offer or solicitation is unlawful.

In addition to the representations referred to above in respect of the United States, United Kingdom, France, Republic of Italy and Switzerland, each holder of Notes participating in the Tender Offer will also be deemed to give certain representations and warranties in respect of the other jurisdictions referred to above and generally as set out in the Tender Offer Memorandum. Any Offer to Sell Notes pursuant to the Tender Offer from a Holder or its Participant that is unable to make these representations will not be accepted. Each of the Company, the Dealer Manager and the Tender and Information Agent reserves the right, in its absolute discretion, to investigate, in relation to any Offer to Sell Notes, whether any such representation given by a Holder is correct and, if such investigation is undertaken and as a result the Company, the Dealer Manager or the Tender and Information Agent determines (for any reason) that such representation is not correct, such Offer to Sell shall not be accepted.