

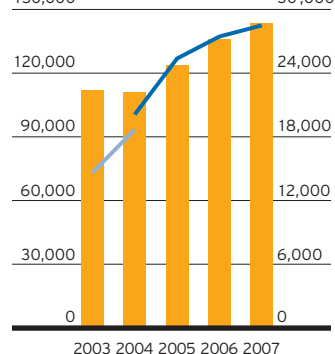
Vattenfall Introduction Pack

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VATTENFALL AT A GLANCE

Vattenfall is Europe's fifth largest generator of electricity and the largest producer of heat. Consolidated sales in 2007 amounted to SEK 143,639 million. Vattenfall's vision is to be a leading European energy company, and the main products are electricity and heat. Vattenfall operates in all parts of the electricity value chain: generation, transmission, distribution and sales. Vattenfall also generates, distributes and sells heat, and conducts energy trading and lignite mining. Operations today are conducted in Sweden, Denmark, Finland, Germany and Poland. The Group has slightly more than 32,000 employees, and the Parent Company, Vattenfall AB, is 100%-owned by the Swedish state.

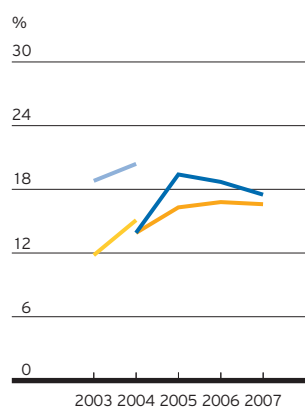
Sales and operating profit
Sales, SEK million Operating profit, SEK million



■ Net sales
— Operating profit¹ (Sw.GAAP)
— Operating profit¹ (IFRS)

1) Excl. items affecting comparability.

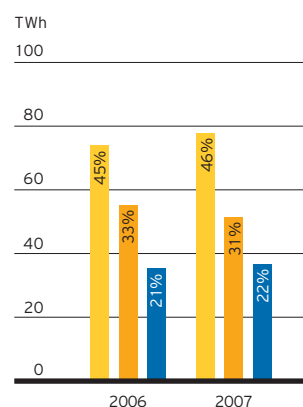
Profitability, %



— Return on equity¹ (Sw.GAAP)
— Return on equity¹ (IFRS)
— Return on net assets¹ (Sw.GAAP)
— Return on net assets¹ (IFRS)

1) Excl. items affecting comparability.

Total electricity generation¹



■ Fossil-based power
■ Nuclear power
■ Hydro power

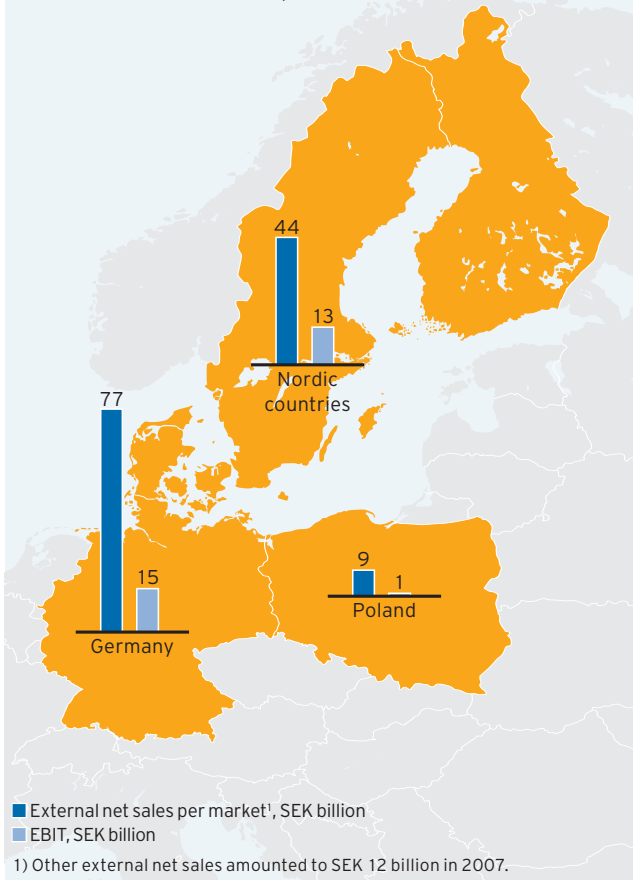
1) Wind power, biofuel and waste amount to 1.9 TWh for 2007 and 1.2 TWh for 2006 which corresponds to approximately 1% of Vattenfall's total electricity generation.

Key data

	2007	2006	Change, %	2007 (EUR) ¹	2006 (EUR) ¹
Net sales, SEK million	143,639	135,802	5.8	15,168	14,340
EBITDA, SEK million	45,821	43,938	4.3	4,839	4,640
Operating profit, SEK million	28,583	27,821	2.7	3,018	2,938
Operating profit excl. items affecting comparability, SEK million	28,497	27,448	3.8	3,009	2,898
Profit before tax, SEK million	23,933	25,525	-6.2	2,527	2,695
Profit for the year, SEK million	20,686	19,858	4.2	2,184	2,097
Earnings per share, SEK	150.11	142.21	5.6	15.85	15.02
Return on equity, %	17.6	19.1			
Return on net assets, %	16.6	17.1			
Total assets, SEK million	338,236	323,166	4.7	35,717	34,125
Equity/total assets, %	36.7	33.3			
Funds from operations (FFO), SEK million	34,049	35,673	-4.6	3,595	3,767
Free cash flow, SEK million	19,650	23,178	-15.2	2,075	2,448
Investments, SEK million	18,964	17,220	10.1	2,003	1,818
Electricity generation, TWh	167.6	165.4	1.3		
Heat generation, TWh	36.2	35.2	2.8		
Average number employees, full time equivalents	32,396	32,308	0.3		

1) Exchange rate SEK 9.47=EUR 1.

External net sales and EBIT per market, 2007



Vattenfall's markets

Nordic countries

Vattenfall generates slightly more than 20% of the electricity that is used in the Nordic countries. Electricity generation consists primarily of nuclear and hydro power. Electricity is sold to slightly more than 1 million customers in the Nordic countries. Vattenfall is also a major producer of heat, mainly based on biofuels, and sells district heating. The Distribution business unit owns and operates electricity networks and distributes electricity to some 1,3 million network customers. Vattenfall also conducts consulting and contracting activities, mainly in the energy sector.

Germany

Vattenfall generates nearly 13% of the electricity that is used in Germany and is thereby the country's third largest electricity generator. Approximately 92% of generation is based on fossil fuels, mainly from Vattenfall's own lignite mines. Vattenfall's coal-fired plants are among the most modern in the world. Vattenfall also produces heat and has substantial district heating sales, primarily in Berlin and Hamburg. In electricity networks, Vattenfall owns and operates high-voltage as well as local networks. Vattenfall has a total of approximately 3.3 million network customers and approximately 2.6 million electricity customers in Germany.

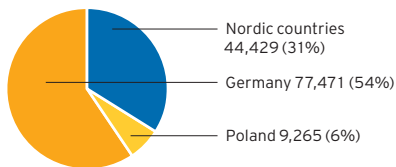
Poland

Heat production and sales make up the majority of operations, and Vattenfall has a market share of approximately 27%. Electricity is also generated on a small scale. Both heat and electricity are based primarily on coal. The Distribution business unit owns and operates electricity networks and distributes electricity to 1.1 million network customers, mainly in the south-west part of the country. Vattenfall has approximately 1 million electricity customers in Poland.

Joint-Group operations

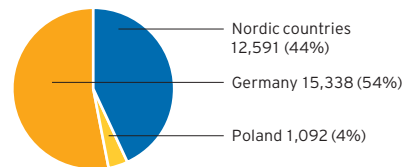
Vattenfall Trading Services, Vattenfall Treasury, Vattenfall Insurance, Vattenfall Research and Development and Vattenfall IT Infrastructure services are central support functions that manage the Group's funding, risks, provide market access, work with research and development and take responsibility for the Group's IT infrastructure.

External net sales¹ per market, SEK million



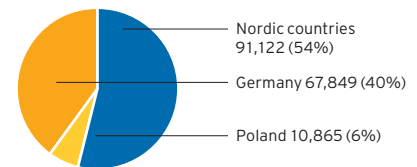
1) Other external net sales amounted to SEK 12,474 million. The segment "Other" includes Energy Trading activities, Treasury operations and Other Group functions.

EBIT², SEK million



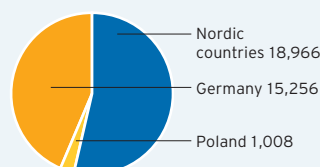
2) The segment "Other" posted an operating result of SEK -438 million.

Net assets per market, SEK million

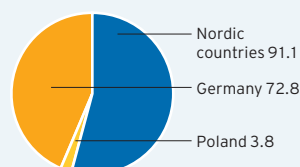


FACTS ABOUT VATTENFALL'S MARKETS

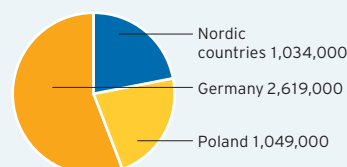
Installed capacity, electricity, MW (2007)



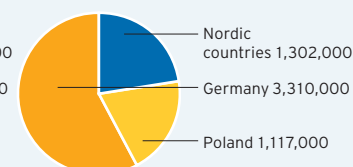
Generated electricity, TWh (2007)



Number of electricity customers (2007)



Number of network customers (2007)



	Nordic countries		Germany		Poland		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Installed capacity, electricity & heat, MW								
Hydro power	8,417	8,399	2,894	2,894	–	–	11,311	11,293
Nuclear power	6,860	6,736	771	771	–	–	7,631	7,507
Fossil-based power	2,708	2,967	11,457	11,412	978	978	15,143	15,357
Wind power	620	522	14	12	30	30	664	564
Biofuels, waste	361	261	120	132	–	–	481	393
Total electricity	18,966	18,885	15,256	15,221	1,008	1,008	35,230	35,114
Total heat	4,987	5,351	8,485	8,612	4,755	4,986	18,227	18,949
Generated electricity, TWh¹								
Hydro power	33.6	31.7	3.1	3.4	–	–	36.6	35.2
Nuclear power	48.8	49.2	2.5	6.0	–	–	51.3	55.2
Fossil-based power	7.1	3.9	66.9	66.6	3.7	3.3	77.7	73.8
Wind power	1.2	0.5	0.0	0.0	0.1	0.1	1.3	0.6
Biofuels, waste	0.4	0.4	0.3	0.2	–	–	0.6	0.6
Total electricity	91.1	85.8	72.8	76.2	3.8	3.3	167.6	165.4
Heat production, TWh¹								
Fossil-based power	6.6	3.4	14.6	14.3	10.7	11.2	31.9	28.9
Biofuels, waste	4.1	5.1	0.1	1.2	–	–	4.2	6.3
Other	–	–	–	–	–	–	–	–
Total heat	10.7	8.5	14.8	15.5	10.7	11.2	36.2	35.2
External electricity trading volume, TWh²	238	376	425	431	10	8	673	815
Number of electricity customers (Retail customers, small and medium-sized companies)	1,034,000	949,000	2,619,000	2,863,000	1,049,000	1,040,000	4,702,000	4,852,000
Volume, TWh								
Large electricity customers (industries, resellers, etc.)	49.0	50.2	29.9	32.9	6.4	5.6	85.3	88.7
Number of network customers	1,302,000	1,294,000	3,310,000	3,285,000	1,117,000	1,108,000	5,729,000	5,687,000
Electricity networks								
Transited volume, TWh	80.5 ³	81.9 ³	28.1 ⁴	27.2 ⁴	11.0 ⁵	10.4 ⁵	119.6	119.5
Transmission grid, km	–	–	10,000	10,000	–	–	10,000	10,000
Distribution network, km	187,500	187,800	77,000	77,000	26,200	26,600	290,700	291,400
Number of employees (full-year equivalents)								
Business Groups	9,489	9,158	19,656	19,821	2,740	2,836	31,885	31,815
Group total ⁶	–	–	–	–	–	–	32,396	32,308

1) Rounding differences of 0.1 TWh exist for some items. Certain values for 2006 have been adjusted compared with previously published information.

2) OTC and exchanges

3) Excl. generation transmission. Generation transmission pertains to intra-Group transmission from power plants to Vattenfall's own electricity network.

4) Excl. transmission grid.

5) To end customers.

6) There are 511 (493) employees in Energy Trading, Treasury operations, other Group Shared Services and Group staffs.

Pro rata – Generation data corresponding to Vattenfall's ownership in the respective facilities

	Nordic countries		Germany		Poland		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Installed capacity electricity & heat, MW								
Hydro power	7,961	8,155	2,894	2,894	–	–	10,855	11,049
Nuclear power	4,691	4,605	1,452	1,409	–	–	6,143	6,014
Fossil-based power	2,694	2,953	11,457	11,412	729	729	14,880	15,094
Wind power	556	457	15	12	23	23	594	492
Biofuels, waste	361	261	117	128	–	–	478	389
Total electricity	16,263	16,431	15,934	15,855	753	753	32,950	33,038
Total heat	4,847	5,211	8,506	8,567	3,548	3,647	16,901	17,425
Generated electricity, TWh¹								
Hydro power	31.3	29.8	3.1	3.4	–	–	34.4	33.2
Nuclear power	33.4	33.7	6.6	11.3	–	–	40.0	45.0
Fossil-based power	7.1	3.9	66.9	66.5	2.8	2.5	76.8	72.9
Wind power	1.2	0.5	0.0	0.0	0.1	0.0	1.3	0.5
Biofuels, waste	0.4	0.4	0.3	0.3	–	–	0.7	0.7
Total electricity	73.4	68.3	76.9	81.5	2.8	2.5	153.1	152.3
Heat production, TWh¹								
Fossil-based power	6.6	3.3	14.6	14.2	8.0	8.3	29.2	25.8
Biofuels, waste	4.0	5.0	0.1	1.2	–	–	4.1	6.2
Other	–	–	–	–	–	–	–	–
Total heat	10.6	8.3	14.6	15.4	8.0	8.3	33.2	32.0

1) Rounding differences of 0.1 TWh exist for some items. Certain values for 2006 have been adjusted compared with previously published information.

Vattenfall's electricity balance¹

	Own generation, and electricity purchases	
	2007	2006
Hydro power	36.6	35.2
Nuclear power	51.3	55.2
Fossil-based power	77.7	73.8
Wind power	1.3	0.6
Biofuels	0.5	0.6
Waste	0.1	0.0
Total own generation	167.6	165.4
Purchased power	56.7	51.3
Spot market	0.8	5.4
Total electricity purchases	225.1	222.1
Use within the Group	12.8	11.5
Total	212.3	210.5

Comments:

The 1.3% rise in generation in 2007 is due to increased fossil-based generation, especially in the Nordic countries from the generation plants acquired in Denmark, and increased hydro power generation in the Nordic countries. Nuclear power generation decreased due to the outage at the Brunsbüttel nuclear power plant in Germany, which has been off-line since 28 June 2007. Wind power generation rose 117%, mainly due to wind power plants acquired in Denmark. Consumption within the Group pertains primarily to transmission losses within the electricity networks and consumption within the German pumped storage plants.

	Sales	
	2007	2006
Nordic countries	55.7	56.4
Germany	85.6	71.2
Poland	13.5	11.5
Other countries	3.8	3.9
Spot market	35.2	48.1
Total electricity sales	193.8	191.1
Deliveries to minority owners	17.6	18.7
Other	1.0	0.8
Total	212.3	210.5

Comments:

The strong rise in sales in Germany is mainly attributable to the German renewable energy law (EEG). According to this law, increasing amounts of wind power volumes are fed in to Vattenfall's transmission grid, which affects the volume of both purchased power and sold power. Vattenfall invoices the power feed-in, with some time lag, to German regional electricity sales companies, among others. Hence these EEG transactions are essentially earnings-neutral over time. The volume amounts to slightly less than 30 MW in terms of both purchases and sales. Another explanation for the sales growth in Germany is the increase in bilateral sales (OTC), which also explains the decrease in sales to the spot market (the European Energy Exchange in Germany).

1) Rounding differences of 0.1 TWh exist for some items. Certain values for 2006 have been adjusted compared with previously published information.

VATTENFALL'S HISTORY



Olidan, on the Göta River, was one of the first hydro power stations built from 1909–1916 by the newly formed Swedish State Power Board.

1909 The restructuring of Trollhätte kanal- och vattenverk to Kungliga Vattenfallsstyrelsen (Swedish State Power Board) marks the birth of Vattenfall. The Swedish state had bought the water rights in Trollhättan a few years earlier and was now taking an active involvement in this emerging electricity generation technology.

1909–1916 The first large hydro power plants – Olidan, Porjus and Älvkarleby – are built.

1951 Inauguration of the Harsprånget hydro power plant, the world's largest hydro power plant in many respects. During the same year, the world's first 400 kilovolt transmission line is put in operation, stretching from northern Norrland to Hallsberg in Central Sweden.

1952 The entire Swedish national electricity grid is hooked together.

1954 Vattenfall commissions the world's first commercial high-voltage direct current line – between the mainland and the island of Gotland.

1975–1976 Vattenfall's first two nuclear reactors, Ringhals 1 and 2, are commissioned. During the 1970s and '80s, twelve reactors were built across Sweden, of which seven are owned by Vattenfall.

1992 Vattenfall is transformed from a state enterprise to the limited liability company Vattenfall AB. Responsibility for the national grid – the Swedish high-voltage network – is transferred to the newly formed state authority Svenska Kraftnät.

1995 Vattenfall's board charts out an international growth strategy for Vattenfall.

1996 The Swedish electricity market is deregulated. The electricity grid operations are legally separated from electricity generation and sales.

European expansion

1996 Vattenfall's international expansion is initiated in 1996 through the acquisition of Hämeen Sähkö, a Finnish electricity distribution company. A representative office is opened in Hamburg, and Vattenfall begins working in the German market through the joint venture company VASA Energy.

1998 The German electricity market is deregulated in April.

1999 Vattenfall agrees to acquire 25.1% of the shares in HEW from the City of Hamburg, with an option for the city to sell another 25.1% to Vattenfall. The Barsebäck 1 nuclear reactor is decommissioned following a decision by Swedish parliament.

2000 In January, 55% of the Polish heat production company EW is acquired in Warsaw, Poland. In August an agreement is signed with E.ON to acquire a majority shareholding in Berlin's energy company, Bewag. However, the deal is blocked by the US company Southern Energy (now Mirant).

2001 In February a 32% stake is acquired in the Polish distribution company GZE. In May Vattenfall becomes a majority owner in HEW through share purchases from E.ON and Sydkraft. Also in May, HEW acquires the electricity generator VEAG, which also owns the electricity grid in eastern Germany, and the lignite producer LAUBAG.

2002 In January Vattenfall acquires all of Mirant's shares in Bewag. Vattenfall's various acquisitions in Germany are gathered under the name Vattenfall Europe AG, which is formally established in August through the merger between HEW and VEAG, including LAUBAG. Vattenfall thereby becomes Germany's third-largest electricity generator.

2003 In January/February, Bewag is merged into Vattenfall Europe AG. Vattenfall increases its stake in the Polish company EW to 70% and in GZE to 54%.

2005 In April, 35.3% of the shares in the Danish company Elsam A/S are acquired. The nuclear reactor Barsebäck 2 is closed 31 May. In August, Vattenfall announces that it has gained possession of more than 95% of the shares in Vattenfall Europe AG and initiates compulsory redemption of the minority owners' shares.

2006 On 1 January the local German brands HEW and Bewag, and the Polish brands EW and GZE, are replaced with the Vattenfall brand. Vattenfall increases its ownership in both Polish companies to 75%. On 1 July a number of Danish wind power and combined heat and power assets are acquired from the Danish company DONG in exchange for ownership stakes in Elsam A/S and I/S Avedøre 2. Construction begins of a pilot Carbon Separation and Storage plant at Schwarze Pumpe.

2007 The Lillgrund wind farm, with 48 turbines, is commissioned and begins delivering electricity at the end of the year. In December the decision is made to merge Business Group Europe and Business Group Poland into the single Business Group Central Europe.

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