

# Nordic Market Unit

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## Introduction

E.ON Nordic is a leading energy company in the Nordic market and drives E.ON's business in the region. Its integrated energy business in Northern Europe encompasses power and heat generation; power, gas, and heat distribution; power, gas, and heat marketing, and a wide range of energy services. As of the end of 2008, E.ON Sverige is the second-largest Swedish utility (on the basis of power sales and production capacity).

On December 31, 2008, E.ON and Statkraft, a Norwegian energy utility, completed an asset swap under which E.ON acquired Statkraft's 44.6-percent stake in E.ON Sverige. This strategically important transaction gives E.ON, after compulsory redemption, the sole ownership of E.ON Sverige (with exception of 0.05 percent minority shareholders), establishing a superb platform from which to create value and to grow our business in Northern Europe.

E.ON Nordic and its associated companies are actively involved in the ownership and operation of power generation facilities. As of December 31, 2008, E.ON Nordic owned, through E.ON Sverige, interests in power stations with a total installed capacity of approximately 18,200 MW, of which its attributable share was approximately 7,229 MW (not including mothballed and shutdown power plants).

In 2008, about 53 percent of the electric power generated by E.ON Nordic through E.ON Sverige was generated at nuclear facilities and about 42 percent at hydroelectric plants. The remaining approximately 5 percent was generated using fuel oil, biomass, natural gas, wind power and waste. E.ON Nordic also supplies gas, is active in the heat and waste business and conducts electricity trading activities. In 2008, E.ON Nordic had sales of €3.9 billion and adjusted EBIT of €770 million. Electricity contributed approximately 78 percent, heat 11 percent, gas 6 percent and other 5 percent of 2008 sales, net of energy taxes. Other sales are mainly attributable to the waste business, as well as contracting activities. E.ON Nordic sold a total of approximately 37.6 billion kWh of electricity in 2008 (including both purchases and sales). E.ON Nordic is primarily active in Sweden, but also operates to a minor degree in Finland, Denmark, Norway and Poland. In 2008, E.ON Nordic estimates that it supplied about 16 percent of the electricity consumed by end users in Sweden.

## Market Overview Power



<sup>1</sup>Nord Pool Annual Report 2008.

<sup>2</sup>ERGEG National Reportings 2008.

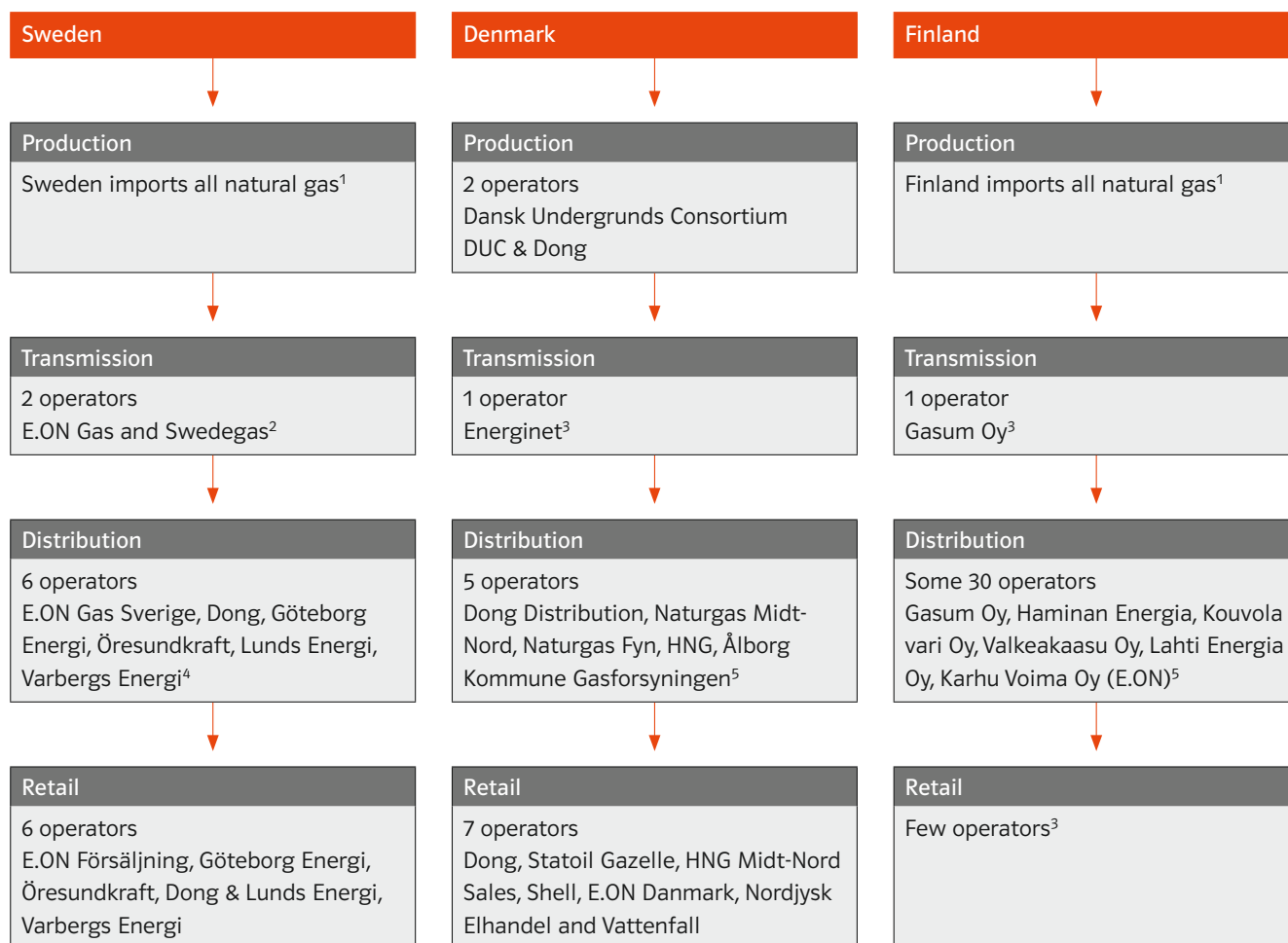
<sup>3</sup>Fortum Annual Report 2008.

### Nordic Power Market

Billion kWh	Power supplied <sup>1</sup>	CAGR 2007-2011
Sweden	144	0.8%
Norway	128	0.9%
Finland	87	2.2%
Denmark	36	0.0%
<b>Total</b>	<b>395</b>	

<sup>1</sup>Power supplied interpreted as power consumed. Preliminary figures (Nordel).  
CAGR = compound annual growth rate.

## Market Overview Gas



<sup>1</sup>IEA statistics.

<sup>2</sup>Svenska Kraftnät.

<sup>3</sup>International Energy Regulation Network.

<sup>4</sup>Energimarknadsinspektionen.

<sup>5</sup>ERGEG National Reporting 2008.

### Nordic—Natural Gas Market Sweden, Denmark and Finland

Billion kWh	Gas supplied <sup>1</sup>	CAGR 2007–2011
Sweden	11.0 <sup>2</sup>	n.a.
Finland	41.4 <sup>3</sup>	n.a.
Denmark	47.8 <sup>4</sup>	n.a.

<sup>1</sup>2008. Interpreted as natural gas consumed on the individual national markets.

<sup>2</sup>Statistics for natural gas, Energimyndigheten. In total 11 billion kWh supplied, 8 billion kWh used by end consumers.

<sup>3</sup>Statistical Agency Finland.

<sup>4</sup>Statistical Agency Denmark.

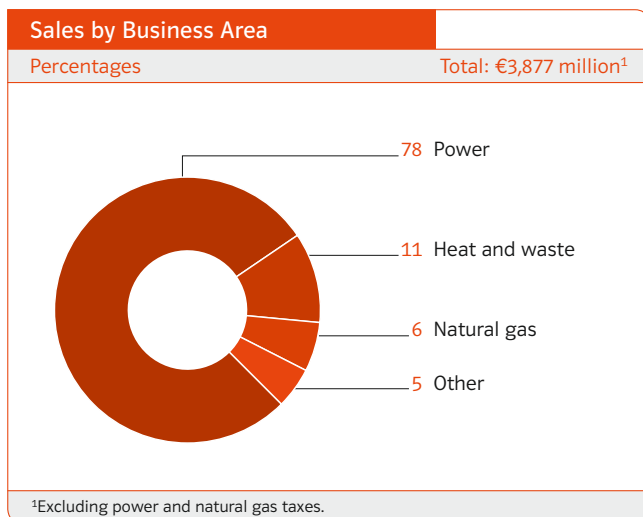
## Business Activities



<sup>1</sup>0.05 percent minority shareholders.

<sup>2</sup>Operated by E.ON Climate & Renewables as of January 1, 2008.

## 2008 Sales

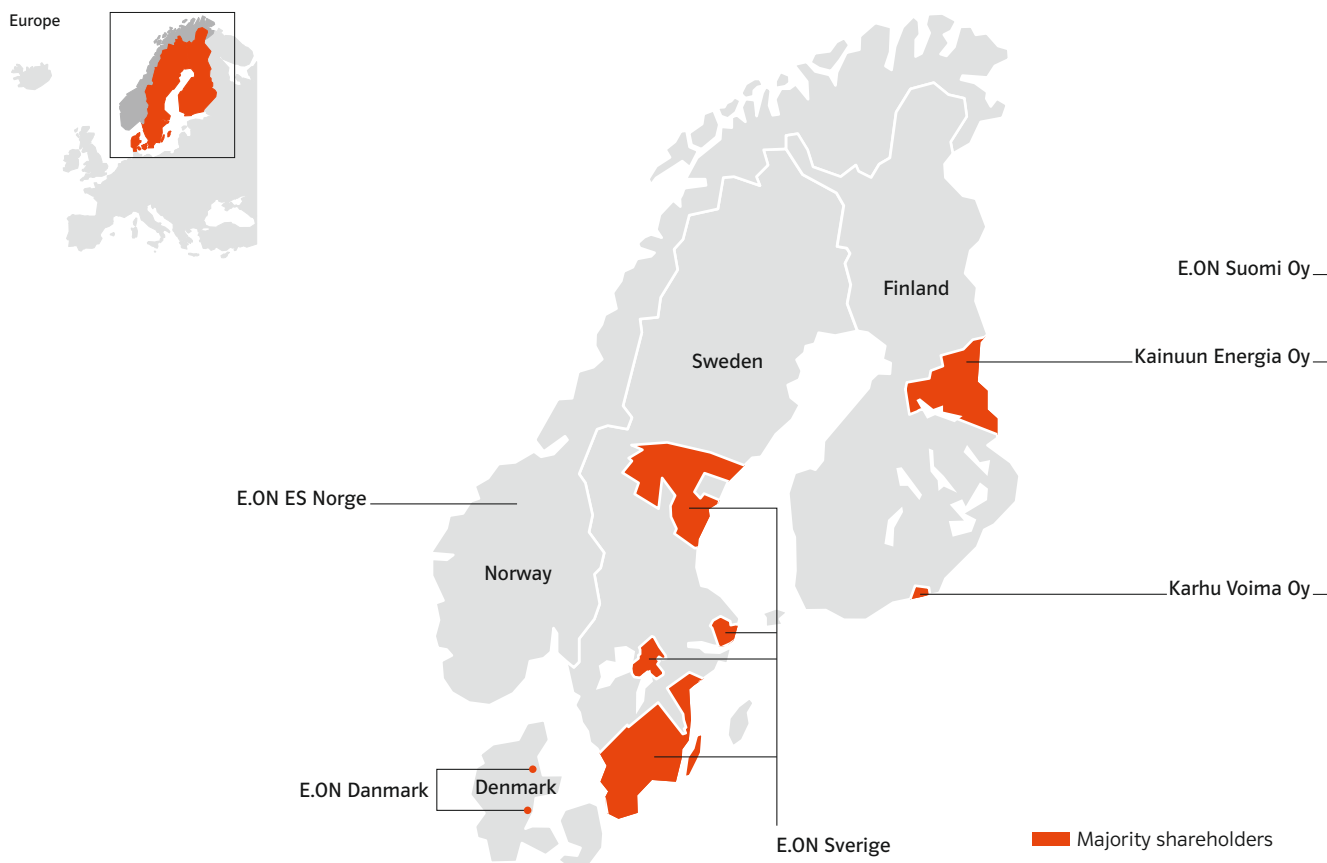


### Significant market positions

- Sweden's second-largest power company.
- No. 4 in power generation with 8 percent of total 395 billion kWh in the Nordic<sup>1</sup> region.
- No. 3 in power/gas retail with 0.9 million customers in the Nordic region.
- Substantial position in Sweden's natural gas market with 80 percent market share in distribution.

<sup>1</sup>Elåret 2008, p. 30, Svensk Energi.

## Activities in the Nordic Region



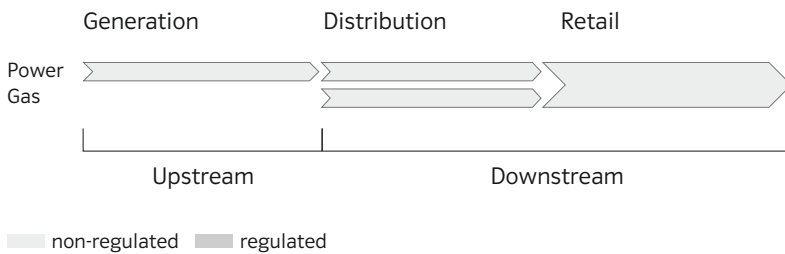
E.ON AG—Shareholdings	
As of December 31, 2008	%
E.ON Nordic <sup>1</sup>	100.0
E.ON Sverige	100.0
E.ON Suomi	100.0

<sup>1</sup>0.05 percent minority shareholders.

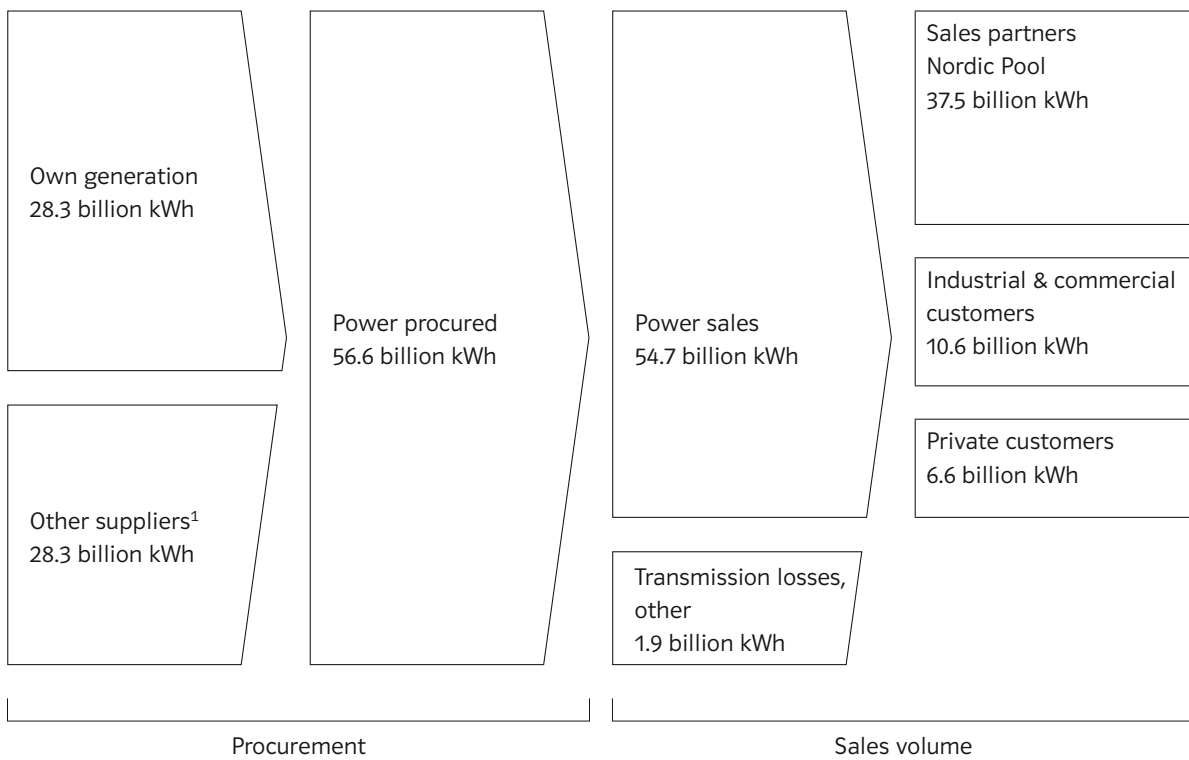
Key Figures—Sweden			
As of December 31, 2008	E.ON shareholdings	Overall market	Market share %
<b>Electricity</b>			
Power supplied	41.7 billion kWh <sup>1</sup>	144 billion kWh <sup>3</sup>	29.0
Customers	805,000	5,100,000	16.0
Distribution grid length	125,000 km	527,000 km <sup>1</sup>	24.0
Generation capacity	6,019 MW <sub>el</sub> <sup>1</sup>	34,181 MW <sub>el</sub>	18.0
Generation output	29.8 billion kWh <sup>1</sup>	146 billion kWh <sup>4</sup>	20.4
<b>Natural gas<sup>2</sup></b>			
Natural gas supplied	5.8 billion kWh	11.0 billion kWh	52.7
Customers	~27,000	~33,000	81.8
Transmission system length	204 km	560 km	36.0

<sup>1</sup>Elåret 2008, Svensk Energi.  
<sup>2</sup>Natural gas, liquefied petroleum gas and biogas.  
<sup>3</sup>Power supplied interpreted as power consumed (preliminary figures, Nordel, May 2009).  
<sup>4</sup>Generation output interpreted as power produced (preliminary figures, Nordel, May 2009).

## Business Activities along the Value Chain



## 2008 Power Procurement and Sales Volume



<sup>1</sup>9.5 billion kWh of this total stems from jointly operated power stations.

## Generation Capacity and Output by Sources

Power Generation by Energy Source					
MW	2008	2007	2006	2005	2004
Nuclear	2,593	2,601	2,593	2,608	2,590
Hydro	2,758	2,754	2,751	2,771	3,127
Renewables <sup>1</sup>	0	51	52	-	-
Oil, other	1,778	2,031	2,015	2,215	2,254
<b>E.ON Nordic</b>	<b>7,229</b>	<b>7,437</b>	<b>7,411</b>	<b>7,594</b>	<b>7,971</b>
Thermal	23,801 <sup>2</sup>	23,539	22,003	22,003	23,235
Nuclear	11,584 <sup>2</sup>	11,288	11,632	11,632	12,142
Hydro	48,776 <sup>2</sup>	47,925	47,445	47,445	47,059
Renewables	10,463 <sup>2</sup>	10,230	10,219	10,219	8,640
<b>Nordic market overall</b>	<b>94,624</b>	<b>92,982</b>	<b>91,299</b>	<b>91,299</b>	<b>91,076</b>

<sup>1</sup>Transferred to the new market unit Climate & Renewables as of January 1, 2008.  
<sup>2</sup>Preliminary figures, Nordel, May 2009.

Power Generation Output by Energy Source					
Billion kWh	2008	2007	2006	2005	2004
Thermal	1.4	1.7	1.05	2.1	2.1
Nuclear	15.1	15.4	15.7	16.6	17.5
Hydro	11.8	13.3	10.4	15.4	13.4
Renewables <sup>1</sup>	0	0.1	0.2	0.2	0.2
<b>E.ON Nordic</b>	<b>28.3</b>	<b>30.5</b>	<b>27.4</b>	<b>34.3</b>	<b>33.1</b>
Thermal	53.5 <sup>2</sup>	72.7	50.4	50.4	69.1
Nuclear	83.3 <sup>2</sup>	87.0	91.8	91.8	96.8
Hydro	226.0 <sup>2</sup>	192.4	222.2	222.2	183.6
Renewables	34.8 <sup>2</sup>	31.7	30.5	30.5	29.9
<b>Nordic market overall</b>	<b>397.6<sup>2</sup></b>	<b>383.8</b>	<b>394.9</b>	<b>394.9</b>	<b>379.3</b>

<sup>1</sup>Not considering hydroelectric and biomass; transferred to the new market unit Climate & Renewables as of January 1, 2008.  
<sup>2</sup>Preliminary figures, Nordel, May 2009.

## Location of Major Generation Assets



## Generation Assets

Nuclear Power Stations						
As of December 31, 2008	Shareholders	Consolidation	Net MW	E.ON share		Start-up date
				%	MW	
Forsmark 1	MKG/Vattenfall		1,000	9.3	93	1980
Forsmark 2	MKG/Vattenfall		1,000	9.3	93	1981
Forsmark 3	MKG/Vattenfall		1,170	10.8	126	1985
Oskarshamn I	E.ON Sverige/Fortum		472	54.5	257	1972
Oskarshamn II	E.ON Sverige/Fortum		598	54.5	326	1974
Oskarshamn III	E.ON Sverige/Fortum		1,150	54.5	627	1985
Ringhals 1	E.ON Sverige/Vattenfall		856	29.6	253	1976
Ringhals 2	E.ON Sverige/Vattenfall		867	29.6	256	1975
Ringhals 3	E.ON Sverige/Vattenfall		985	29.6	292	1981
Ringhals 4	E.ON Sverige/Vattenfall		935	29.6	277	1983
<b>Total</b>			<b>9,033</b>		<b>2,600</b>	

Oil-fired Power Stations						
As of December 31, 2008	Shareholders	Consolidation	Net MW	E.ON share		Start-up date
				%	MW	
Barsebäck GT	E.ON Sverige		84	100.0	84	1974
Bråvalla	E.ON Sverige		240	100.0	240	1972
Halmstad G11	E.ON Sverige		78	100.0	78	1973
Halmstad G12	E.ON Sverige		172	100.0	172	1993
Karlshamn G1	E.ON Sverige/Fortum		332	70.0	232	1971
Karlshamn G2	E.ON Sverige/Fortum		332	70.0	232	1971
Karlshamn G3	E.ON Sverige/Fortum		326	70.0	228	1973
Karskär G4	E.ON Sverige/Korsnas/Fortum		125	58.9	74	1968
Öresundsverket GT	E.ON Sverige		126	100.0	126	1971
Oskarshamn GT	E.ON Sverige/Fortum		80	54.5	44	1973
Other (<50 MW installed capacity)			77	n.a.	41	n.a.
<b>Total</b>			<b>1,972</b>		<b>1,551</b>	

## Generation Assets

Hydroelectric Power Stations						
As of December 31, 2008	Shareholders	Consolidation	Net MW	E.ON share		Start-up date
				%	MW	
Balforsen	E.ON Sverige		88	100.0	88	1958
Bergeforsen	E.ON Sverige/Vattenfall		160	44.0	70	1955
Bjurfors nedre	E.ON Sverige		78	100.0	78	1959
Blåsjön	E.ON Sverige/Fortum/ Nybrovikenskraft		60	50.0	30	1957
Degerforsen	E.ON Sverige		63	100.0	63	1965
Edensforsen (Åseleälven)	E.ON Sverige		67	96.5	65	1956
Edsele	E.ON Sverige		60	100.0	60	1965
Forsse	E.ON Sverige		52	100.0	52	1968
Gulsele (Åseleälven)	E.ON Sverige/Vattenfall		64	65.0	42	1955
Hällby (Åseleälven)	E.ON Sverige/Vattenfall		84	65.0	55	1970
Hammarforsen	E.ON Sverige		84	100.0	84	1928
Harrsele	E.ON Sverige/Junkavaran		223	50.6	113	1957
Hjälta	E.ON Sverige		178	100.0	178	1949
Järnvägsforsen	E.ON Sverige		100	94.9	95	1975
Korselbränna (Fjällsjöälven)	E.ON Sverige		130	100.0	130	1961
Moforsen	E.ON Sverige		135	100.0	135	1968
Olden (Langan)	E.ON Sverige		112	100.0	112	1974
Pengfors	E.ON Sverige		52	65.0	34	1954
Ramsele	E.ON Sverige		157	100.0	157	1958
Rätan	E.ON Sverige		60	100.0	60	1968
Sollefteåforsen	E.ON Sverige/Municipality of Sollefteå		61	50.0	31	1966
Stensjön (Harkan)	E.ON Sverige/Nybrovikenskraft		95	50.0	48	1968
Storfinnforsen	E.ON Sverige		112	100.0	112	1953
Trangfors	E.ON Sverige		73	100.0	73	1975
Other (~50 MW installed capacity)			1,910	n.a.	792	n.a.
<b>Total</b>			<b>4,258</b>		<b>2,754</b>	

### Gas-fired Power Stations

As of December 31, 2008	Shareholders	Consolidation	Net MW	E.ON share		Start-up date
				%	MW	
Heleneholm G11, G12	E.ON Sverige		130	100.0	130	1966+1970
<b>Total</b>			<b>130</b>		<b>130</b>	

### Wind Power Stations

As of December 31, 2008	Net MW	E.ON share		Start-up date
		%	MW	
Sweden	18	n.a.	18	n.a.
Denmark	165	n.a.	33	n.a.
<b>Total</b>	<b>183</b>		<b>51</b>	

### Other Power Stations

As of December 31, 2008	Net MW	E.ON share		Start-up date
		%	MW	
Abyverket G1, G2, G3 (CHP)	151	100.0	151	1962-1974
Händelö (Norrköping) (CHP)	100	100.0	100	1983
Karskär G3	48	58.9	28	1968
Kainuun Voima (CHP)	72	26.0	18	1989
Other (<1 MW attributable capacity)	2,250	n.a.	1	n.a.
<b>Total</b>	<b>2,621</b>		<b>299</b>	

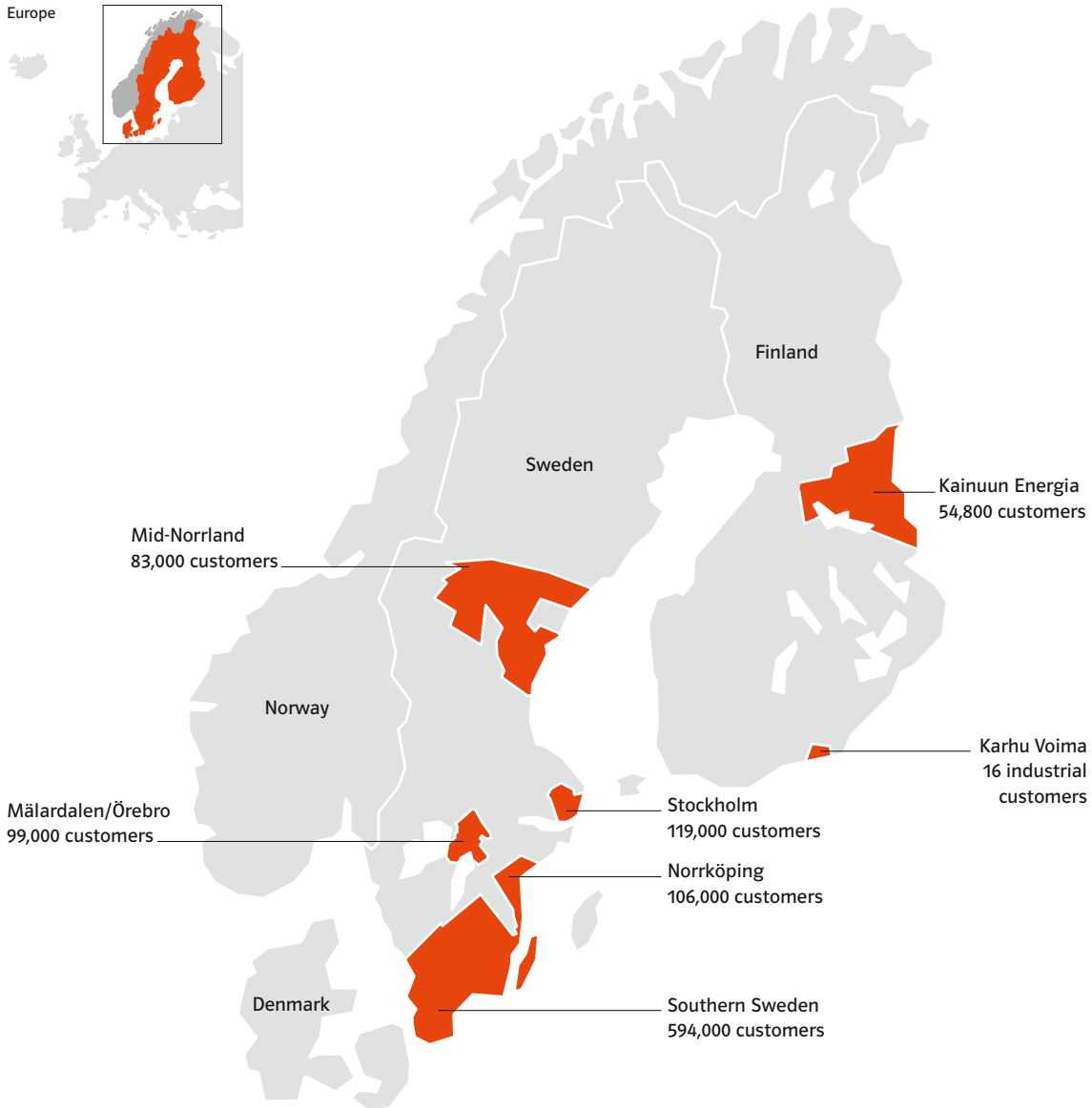
### Generation Assets Nordic

As of December 31, 2008	Net MW	E.ON share MW
Sweden	33,744	7,231
Finland	16,544	31
Denmark	12,699	33
<b>Total</b>	<b>62,987</b>	<b>7,295</b>

### Shutdown

As of December 31, 2008	E.ON share %	Start-up date	Shutdown date
Barsebäck 1 (Nuclear)	25.8	1975	1999
Barsebäck 2 (Nuclear)	25.8	1977	2005

## Distribution Regions in Sweden and Finland

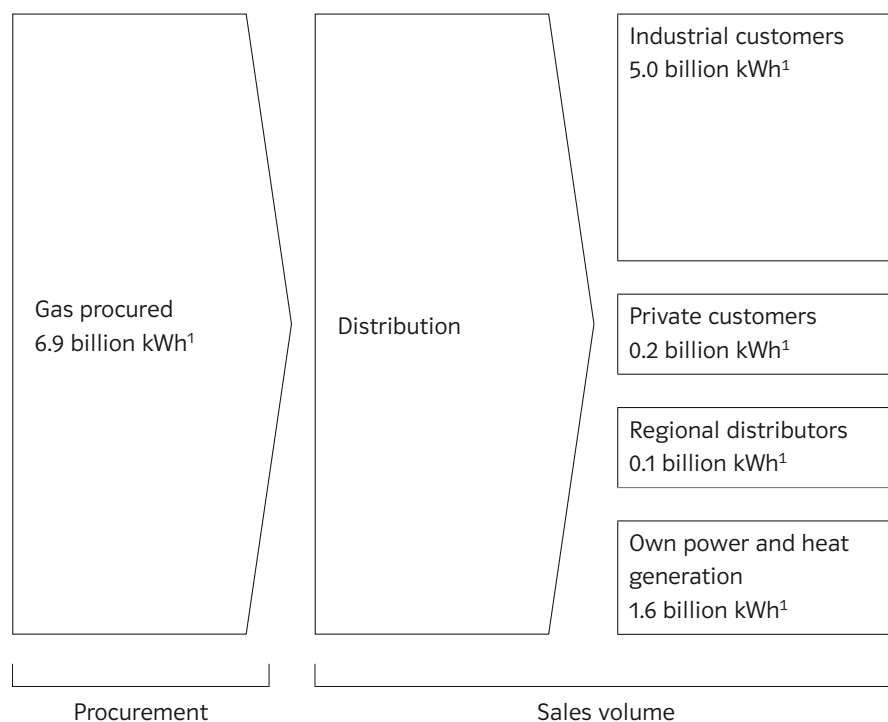


## The Natural Gas Market in Sweden



- Gas distribution market in Sweden: 10 billion kWh.
- E.ON Sverige market share in gas distribution: 55 percent.
- Gas represents approximately 20 percent of total energy supply in the Nordic region, while at the national level, it comprises somewhat less than 2 percent of Sweden's total energy supply.
- The 320 km national gas transmission pipeline is owned by Swedegas AB, a consortium in which E.ON Ruhrgas International AG holds a 29.6 percent interest.
- E.ON Nordic owns, operates and maintains a regional high-pressure gas pipeline with a length of 204 km and a low-pressure gas distribution pipeline with a length of 1,881 km.
- In addition, E.ON Nordic has an underground gas storage facility in Getinge with a working capacity of 8.5 million m<sup>3</sup> and a maximum withdrawal rate of 40,000 m<sup>3</sup>/hour. In 2007, E.ON Nordic transported a total of 6.0 billion kWh of gas through its gas pipeline system.
- All gas is imported from Denmark. The Swedish natural gas market is currently connected to the Danish natural gas market through one supply route. Sweden's strategic location between two of the largest producers, Russia and Norway, has led to the initiation of several studies and projects with the aim of increasing supplies to or via Sweden.

## 2008 Gas Procurement and Sales Volume



<sup>1</sup>Including liquefied petroleum gas and biogas.

## Key Figures

Nordic Key Figures			
€ in millions	2008	2007	+/- %
Total sales	3,877	3,339	+16.1%
Adjusted EBITDA	1,112	1,027	+8.3%
Adjusted EBIT	770	670	+14.9%
ROCE	11.1%	9.7%	+1.4% <sup>1</sup>
Cost of capital	9.3%	8.8%	+0.5% <sup>1</sup>
Value added	125	62	+101.6%
Cash provided by operating activities	835	914	-8.6%
Investments	939	914	+2.7%
Employees (at year-end)	5,826	5,804	+0.4%

<sup>1</sup>Changes in percentage points.