

Vattenfall issues hybrid bonds

Vattenfall on Thursday launched hybrid bonds of SEK 6 billion and EUR 1 billion (approximately SEK 15 billion combined) in order to refinance an existing hybrid bond of EUR 1 billion, issued in 2005. The excess amount will be used for general corporate purposes. The issue of corporate hybrid bonds in Swedish kronor is the first ever.

- We are very pleased with this bond issue which met with very strong demand from both international and Swedish investors. It is particularly gratifying that with this transaction Vattenfall has opened up a market for hybrid bonds in Swedish kronor, which is positive for both the Swedish industry and Swedish investors. The advantage of hybrid bonds compared to traditional corporate bonds is that they are typically treated partly as equity and thereby can strengthen the company's financial flexibility, says Johan Gyllenhoff, Vattenfall Group Treasurer.

- We have previously announced that we intend to redeem our existing hybrid bond this year and replace it with a new corresponding instrument, so this transaction is in line with what we said, Johan Gyllenhoff says.

As with Vattenfall's existing hybrid bond, the new bonds will be accounted for as interest-bearing debt and be subordinated to Vattenfall's other debt instruments. Credit rating agencies Moody's and Standard & Poor's classify 50% of Vattenfall's hybrid bonds as equity in their credit analysis. The bonds are assigned a credit rating of Baa2 by Moody's and BBB- by Standard & Poor's, which is two and three notches respectively below Vattenfall AB's credit rating for senior debt.

The settlement date for the issue will be on 19 March 2015.

The hybrid bonds were issued in three tranches as follows:

Currency	Amount	Coupon rate	Interest	Tenor	First call date
SEK	3 billion	3.125 %	7 years, fixed	62 years	After 7 years
SEK	3 billion	3 months Stibor + 2.35 % points	3 months, floating	62 years	After 7 years
EUR	1 billion	3.0 %	12 years, fixed	62 years	After 12 years

Barclays and BNP Paribas acted as Joint Structuring Advisers and Joint Bookrunners, while Citi, Danske Bank, ING and SEB acted as Joint Bookrunners.

Vattenfall discloses this information pursuant to the Swedish Securities Market Act.

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