

Appendices to «Notice of meeting and agenda
for the Annual General Meeting 2016 – Hafslund ASA»

Appendix, Item 5 (1)
Matter submitted by a shareholder

Trond Bjørnstad
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NO-1476 Rasta, Norway

Hafslund ASA
attn./Chairman of the Board Birger Magnus
Drammensveien 144, Skøyen
NO-0247 Oslo, Norway

Lørenskog, 24 February 2016

Regarding General Meeting for Hafslund ASA

As a shareholder of Hafslund ASA and pursuant to Section 5-11 of the Norwegian Public Limited Liability Companies Act, we submit the following reasoned proposal for consideration by the company's forthcoming Annual General Meeting on 3 May 2016.

It is proposed that an investigation be conducted into the company's lack of line clearance and postponed maintenance costs up to and including 2015. Considering the extent of this issue, it is expected that management will work hard to avoid such an investigation, which may otherwise be adopted with only 10 per cent support among shareholders. Furthermore, it is proposed that the annual financial statements not be approved and that a new General Meeting be convened once the investigation has been carried out and the magnitude of the expenses the company has postponed is clarified.

Hafslund recently announced an EBITDA of NOK 2,920 million and a profit after tax of NOK 1,284 million for 2015 – an increase of 28 per cent from the previous year. In isolation, this seems amazing – but, as we see it, this has a very seamy side.

Historically, owners of properties where Hafslund is the grid owner always received regular notice of line clearance activity. By and large, this practice ceased a few years ago and notices of line clearance activity are no longer sent out to the same extent. The growth of trees under and along the power lines is, however, greater than ever. We have, as a property owner, requested that Hafslund maintain the area under and along its power lines. Yet our request was rejected and we were forced to perform this line clearance work ourselves to ensure safety in the power line rights-of-way running through our properties.

However, in talking with Hafslund's own people, employees on the ground working on line maintenance, we have been informed that preventive line clearance is no longer being performed, and that, "on orders from the top", all costs relating to preventive work are to be avoided in favour of addressing issues when they arise. Discussions with people from Nettpartner, which in turn is called out in the event of downed trees and damaged lines, confirm that Hafslund's philosophy clearly seems to be: "No expenses whatsoever for line clearance, all preventive line clearance has ceased, the problem and the expense will rather be addressed when there is a failure."

We have addressed our questions about this matter directly to the Technical Manager for the power lines in our district, Østfold, Mr Holene, but our assertions and our references to statements made by his own staff, as well as by employees of Nettpartner, are categorically and arrogantly rejected.

We have also directed questions about other issues concerning Hafslund's power lines to the same Mr Holene. In his response, Mr Holene is clearly covering up significant, obvious facts, and therefore seems to us to be deliberately and demonstrably false. Accordingly, we naturally no longer trust the answers we receive from Mr Holene and we call into question the lack of ethical standards we experience in Hafslund's communications. Circumstances like this will naturally also add to the company's unfortunately already negative reputation.

In despair, we have sought answers from Mr Schau, Hafslund's Senior Communications Manager, as well as Mr Magnus, Hafslund's Chairman of the Board, but neither of them wish to answer our enquiries.

Line clearance appears to be a very sensitive topic for everyone with whom we have been in contact.

After Hafslund's recent purchase of an additional 100,000 network customers in Østfold, Networks now accounts for 50 per cent of the group's capital employed. Hafslund's policy of no longer conducting preventive line clearance to a sufficient extent will, naturally, eventually become a growing ticking bomb.

Already, profits for 2015 must clearly be considered to be too high considering the postponement of this very large expense. With further acquisitions of similar enterprises, and the adopted strategic policy, this problem will naturally only increase in coming years.

We ask that our reasoned proposal in its absolute entirety, including the reasons listed above, be correctly reproduced in both the Norwegian and English notices of meeting sent out by mail and posted online. If this does not happen, Oslo Børs will be notified and a protest will be registered against the notice of meeting. We also request that our reasoned proposal be read in its entirety, recorded in the minutes and voted on at the General Meeting.

Yours sincerely,

Trond Bjørnstad

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Appendix, Item 5 (2)

**The board's response to the matter submitted by a
shareholder**

The board's response to the matter submitted by Trond Bjørnstad to the General Meeting of Hafslund ASA

The board has received a letter from Trond Bjørnstad to Hafslund ASA dated 24 February 2016 with a proposal submitted for consideration by the General Meeting on 3 May 2016. In his letter, Bjørnstad claims that Hafslund is not allocating sufficient resources to preventive line clearance, and wants an investigation and to postpone the approval of the financial statements for 2015.

Hafslund Nett has a strong focus on line clearance and has spent over NOK 35 million annually on this work over the past two years. From 2008 to 2013, the annual average was NOK 25 million. Hafslund Nett has one full-time project manager for vegetation control (Master of Forestry) who monitors and controls the external companies that perform the line clearance.

As the owner of electrical installations, Hafslund Nett is subject to the *Regulations related to electrical supply installations*. Among other things, the guide to these regulations describes the minimum distance between overhead power lines and vegetation:

- For uninsulated high voltage lines, the minimum is 3 metres for voltages up to and including 24 kilovolts (kV).
- For insulated high voltage lines up to and including 24 kV, the requirement is 1.5 metres.
- For low voltage lines, the requirement is that: *Tree branches must not cause any mechanical damage to conductors and installations. In windstill conditions, branches must be a minimum of 0.5 m from conductors and installations. Leaves and small twigs may affect conductors and installations even in calm weather. For power lines with bare conductors, the area must be cleared so trees cannot be climbed. The requirement for protection against climbing ... does not apply in sparsely populated areas and when the power lines are also at least 200 metres from houses and cottages.*

Fulfilment of this norm provides no guarantees against trees potentially damaging the power grid (e.g. during storms), but compliance with these rules reduces the risk of damage caused by trees near power lines. Hafslund Nett has contracts with companies providing line clearance services, which are contracted to ensure compliance with the requirements of these regulations at all times. The contracts with these companies also include the removal of trees that are further away from overhead power lines if the trees are considered to present a high risk of damaging the lines – and thus the power supply to Hafslund Nett's customers.

To verify that the line clearance companies meet their contractual obligations, Hafslund Nett, as one of only a few grid operators, laser-scans a large number of high voltage lines every year via helicopter. Hafslund Nett then receives a report on the exact distance between overhead lines and the surrounding vegetation. This documentation is also used to plan the felling of trees outside power lines rights-of-way that could pose too great a risk for the most critical high voltage power lines. By the end of 2016, all high voltage lines will have been laser-scanned.

Low voltage overhead power lines are often in densely populated areas, where there are restrictions on helicopter use, so drones are used instead. The work performed by the maintenance companies on this network of power lines is therefore controlled on an ongoing basis through random inspections by Hafslund Nett. Inspections are also conducted in connection with the reporting of missing distances between trees and lines from the general public or from employees who work out on the grid.

The Norwegian Directorate for Civil Protection (DSB) conducts annual inspections of Hafslund Nett's electrical installations, which includes monitoring the maintenance of power lines. Over the past seven years, two minor non-conformances have been recorded concerning insufficient line clearance.

A comparison of Hafslund Nett's line failure statistics due to falling trees with similar statistics for the rest of the power grid industry, also shows that Hafslund Nett is on par with other grid operators.

Accordingly, in the board's view, there is no basis for arguing that the line clearance performed by Hafslund Nett is insufficient or that Hafslund Nett is postponing the expenses associated with line clearance.

Therefore, the board recommends that the General Meeting vote for the proposal to be rejected.

Board of Directors, 10 March 2016

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Appendix, Item 9

**The board's declaration regarding determination of salaries
and other remuneration for senior executives for 2016**

The board's declaration regarding determination of salaries and other remuneration for senior executives for 2016

The board of Hafslund ASA will present the following guidelines and declaration regarding determination of salary and other remuneration for senior executives for the coming financial year to the Annual general Meeting, in accordance with Sections 6-16a and 5-6 (3) of the Norwegian Public Limited Companies Act.

Remuneration paid to the CEO

Remuneration paid to the CEO must be competitive in relation to responsibilities and the industry. The remuneration must furthermore act as an incentive to long-term creation of value through development of the enterprise, positive profit and share price performance, and reflect the experience and level of expertise of the employee. Remuneration will consist of a fixed salary, a bonus of up to 50 per cent of the basic salary, pension and interest and instalment-free loans. The CEO will receive benefits in kind on the same level as other senior executives in the group. The period of notice must equal at least six months.

Remuneration paid to senior executives and other executives

Remuneration for the group management is adopted by the CEO, but must be submitted to the board for approval if the remuneration deviates from these guidelines. Remuneration paid to other executives is adopted by the relevant senior vice presidents. Remuneration paid to senior executives and other executives must be based on the guidelines below.

Fixed salary

The fixed salary is based on the duties performed and level of responsibility, as well as the incumbent's expertise and length of service in the position. Salary should be competitive in relation to responsibility and industry levels.

Borrowings

Interest-free loans that are written down over 10 years in accordance with adopted guidelines can be given for car purchases. In addition, an annual operating subsidy can be awarded, as determined by the administration. Should the senior executive not have need of a car, the loan can still be taken out on the same terms against satisfactory surety.

Benefits in kind

Benefits in kind mainly relate to expenses for broadband (home office), mobile phones and newspapers.

Holidays

Senior executives are entitled to holidays in line with the provisions of the Norwegian Annual Holidays Act and the group's current internal rules governing holidays. Holiday pay is calculated on the basis of basic salary. Additional benefits are not included in the calculation.

Annual bonus

An annual bonus system has been established to create an incentive for additional effort and value creation. Bonuses will be paid based on the added value that the employee or group of employees has generated. The bonus scheme is limited upwards to 50 per cent of fixed salary depending on the level of the position. However, the main rule is a ceiling of 30 per cent of basic salary for the group management (level 1) and a ceiling of 20 per cent of basic salary for level 2. Any exception from the main rule must be specifically agreed with the CEO or the Board of Directors. The bonus is established annually and group targets are set by the board. The measurement criteria in addition to the group targets for the individual employee, as well as weighting of targets, are set by the employee's immediate manager based on:

- Group targets x percentage of maximum bonus.
- Company targets/business targets x percentage of maximum bonus.
- Individual objective targets x percentage of maximum bonus.
- Subjective individual assessment up to x percentage of maximum bonus.

The targets and the weighting must be adapted to the needs of the individual company/enterprise.

The annual bonus will be disbursed after presentation of the group's annual financial statements. The disbursed bonus is not included in the calculation of holiday pay and pension benefits. Should legislation require such

benefits to be calculated on the basis of salary including bonus, the bonus will be reduced by as much as necessary to limit the bonus (including other benefits) to the total value determined by the provisions above.

Share schemes

Senior executives are covered by the group's share schemes for all employees. To promote employee loyalty to the group, the company shall annually consider giving all employees the opportunity to buy shares in Hafslund. The share offer should be viewed in the context of the total salary settlement for the group. There was share offer for employees in 2015.

Option schemes

The group does not use option schemes.

Pension

The CEO and group management shall have a pension plan in accordance with the current pension plan for the group, unless otherwise agreed with the board. Members of group management who are covered by the group's mandatory occupational pension (OTP) and have a basic salary over 12 times the National Insurance Scheme's basic amount (G) receive pension compensation that provides a net additional income after tax of 8 percent. The retirement age for these individuals should normally be 67. The CEO and group management are entitled to take early retirement in accordance with the AFP agreement in force at any given time. The CEO and group management have a disability pension plan with a compensation of 66 per cent of salary between 12 and 30 G.

Period of notice and severance pay

The CEO and group management shall have a six-month period of notice. In specific cases and depending on the position concerned, severance pay may be given for 6 to 12 months beyond the period of notice. If the employee should begin a new job while receiving severance pay, payments will be reduced by 66 per cent of the lower of these monthly severance payments and the new monthly salary. Partly for historical reasons, this provision deviates in some cases from the group's guidelines for remuneration of senior executives.

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Appendix: Nomination Committee´s recommendations

The Nomination Committee's recommendations to the 2016 General Meeting

The Nomination Committee of Hafslund ASA is composed of the following members:

- Stig L. Bech, Chairman
- Kjell O. Viland
- Timo Karttinen

In connection with Hafslund ASA's Annual General Meeting of 3 May 2016, the Nomination Committee submits the following recommendations:

1. Election of board members

The Nomination Committee is of the opinion that the number of shareholder-elected board members is appropriate in relation to the company's mission and strategy.

Board members Birger Magnus, Maria Moræus Hanssen and Ellen C. Christiansen are up for election in 2016. Moræus Hanssen has announced that she is not seeking re-election due to her work situation.

The Nomination Committee has discussed the board's expertise, reviewed the board's self-evaluation and had discussions with board members, including individual meetings with Birger Magnus and Ellen C. Christiansen. The Nomination Committee has also held a meeting with the CEO. It is the view of the Nomination Committee that the board's collective expertise and the development in terms of its work since the 2015 General Meeting, provides a basis for a recommendation that no changes to be made to the composition of the board, beyond the election of a new board member to replace Moræus Hanssen.

In relation to the board's Audit Committee, at least one of the board members must have accounting expertise and be independent of the group. Moræus Hanssen has previously been the candidate who met this criterion.

The Committee has considered several candidates for the office of new board member. The Committee has decided to propose Katrine Mourud Klaveness (born 1977) as a new board member. Mourud Klaveness has a Master of Business and Economics from BI Norwegian Business School and has extensive experience in the private sector, most recently as Vice President Corporate Finance in Det norske Oljeselskap.

Mourud Klaveness has accounting expertise and is independent of the company.

With regard to board members who are not up for election, the Nomination Committee can inform that: Odd Håkon Holsæter has no connection with Hafslund beyond his previous role as a board member of Hafslund Nett. Per Langer is employed by Fortum, which is Hafslund's second-largest shareholder. With regard to those board members who are up for election, the Nomination Committee can inform that Birger Magnus has no connection to Hafslund aside from his office as board member. The same is true for Ellen C. Christiansen.

The Nomination Committee submits the following proposal:

Proposal:

Birger Magnus is re-elected to the Board of Directors with a term of office until the Annual General Meeting of 2018. The board elects its own Chairman, cf. Section 6-1, second paragraph, of the Norwegian Public Limited Companies Act.

Ellen C. Christiansen is re-elected to the Board of Directors with a term of office until the Annual General Meeting of 2018.

Maria Moræus Hanssen steps down from the board.

Katrine Mourud Klaveness is elected to the Board of Directors as a new member with a term of office until the Annual General Meeting of 2018.

2. Determination of remuneration of the Board of Directors deputy board members et al.

The Nomination Committee's instructions state that the remuneration of board members shall reflect the board's responsibilities, competence, time spent and the complexity of the business. The remuneration should be comparable with other publicly listed companies of a similar size and complexity. Last year, the General Meeting passed a resolution on a remuneration of NOK 234,000 for ordinary board members, whereas the Chairman was to receive a remuneration of NOK 536,000. The Chairman's remuneration is intended to reflect the fact that the position of Chairman includes organising and chairing board meetings. Moreover, the Chairman also has other important responsibilities, such as maintaining relations with the shareholders and being in continuous contact with group management.

The Nomination Committee is of the opinion that remuneration of board members is competitive in relation to comparable companies. Accordingly, the Nomination Committee recommends that there should be no increase in the remuneration of board members. The same applies to remuneration of members of the Audit and Compensation Committees.

Proposal:

For the period from the 2015 Annual General Meeting until the 2016 Annual General Meeting, the Nomination Committee proposes the following remuneration:

Chairman of the Board: NOK 536,000

Board member: NOK 234,000

This remuneration applies both to shareholder-elected board members and to elected employee representatives who have participated in the board's work.

For deputy board members, the proposed remuneration is NOK 9,050 for each board meeting the deputy member has attended.

For members of the board's Audit Committee, the proposed remuneration is NOK 45,000.

For members of the board's Compensation Committee, the proposed remuneration is NOK 5,200 for each meeting the member has attended.

Travel and subsistence expenses shall be paid against invoices.

3. The Nomination Committee

Nomination Committee member Kjell O. Viland has informed the committee that he would like to resign from his office as member of the committee as of the 2016 General Meeting. The Nominations Committee proposes that Anders Berg be elected as a new member of the committee. Anders Berg holds the position of Ownership and Project Director in Oslo.

The term of office for Nomination Committee members Stig L. Bech and Timo Karttinen expires at the 2016 Annual General Meeting. Bech and Karttinen are both nominated to continue as members.

Proposal:

Stig L. Bech is re-elected as the Chairman of the Nomination Committee with a term of office until the Annual General Meeting of 2018.

Timo Karttinen is re-elected as a member of the Nomination Committee with a term of office until the Annual General Meeting of 2018.

Anders Berg is elected as a new member of the Nomination Committee with a term of office until the Annual General Meeting of 2017.

29 February 2016

Stig L. Bech
(Chairman)

Kjell O. Viland

Timo Karttinen