

BKW Group

a leading Swiss power company

Company Presentation
September 2010

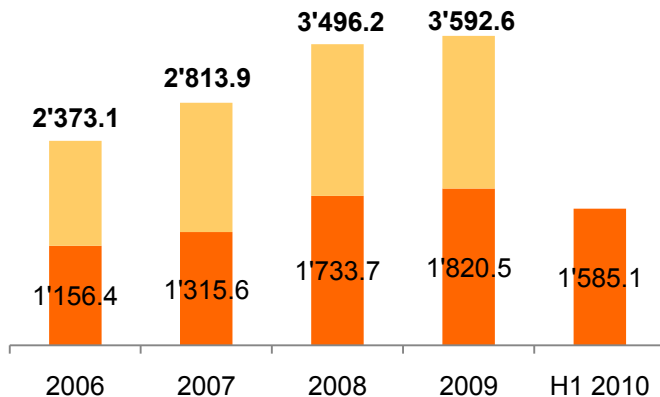
Kurt Rohrbach, CEO
Beat Grossenbacher, Head of Finance and Services

- **Our business**
- Strategy
- Financials
- Outlook

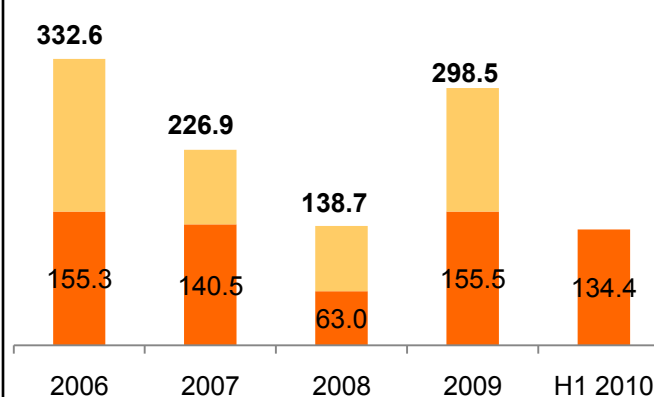
Key figures – Strong track record

Stable earnings in H1 2010 despite the difficult economic situation

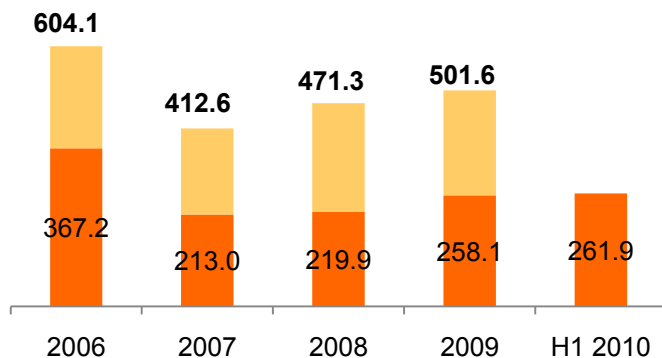
Total operating revenue



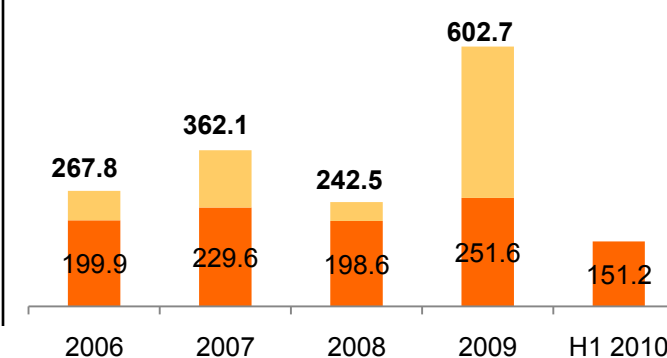
Net profit



EBITDA



Operating cash flow



BKW Group - Overview

Central market position in Switzerland and strong competitive position in selected market segments in Germany and Italy

Shareholders (end of August)

Canton of Berne	52.54%
Groupe E	10.00%
E.ON	7.03%
BKW	9.99%
Free Float	20.44%



Germany

Generation	0.008 TWh
Electricity sales	2.3 TWh
Customers	150

Switzerland (Core market)

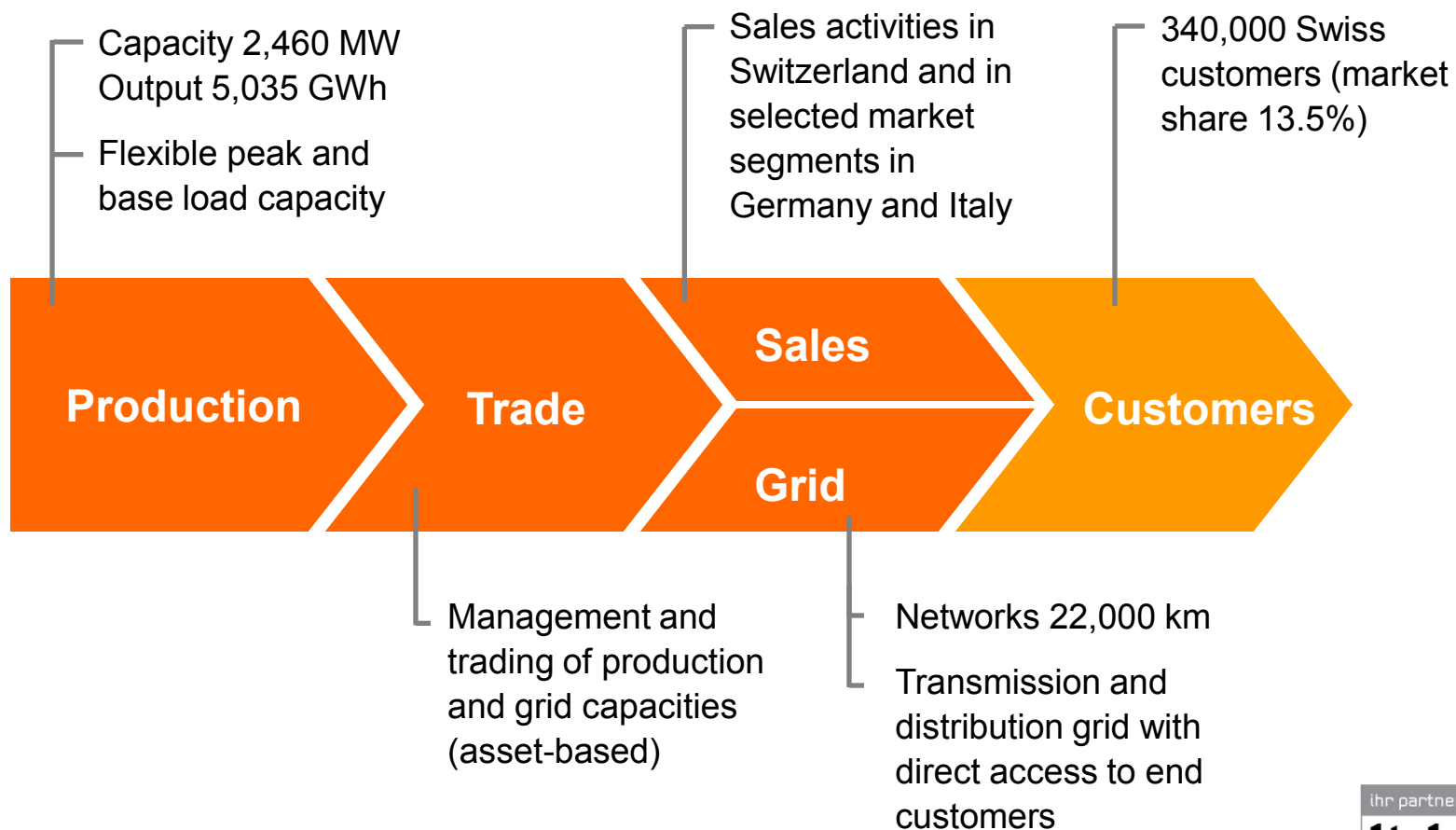
Generation	4.8 TWh
Electricity sales	4.2 TWh
Customers	340,000
Residents supplied	> 1 Million

Italy

Generation	0.2 TWh
Electricity sales	0.9 TWh
Customers	181

Integrated power company

- Vertically integrated in Switzerland
- Serving selected market segments in Germany and Italy

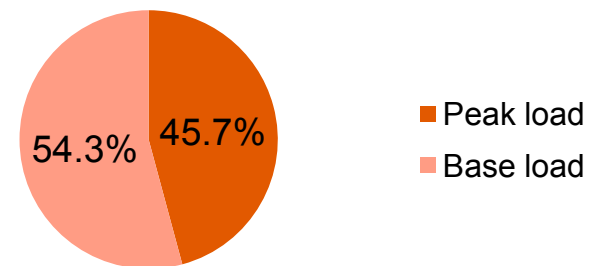


Generation and purchases

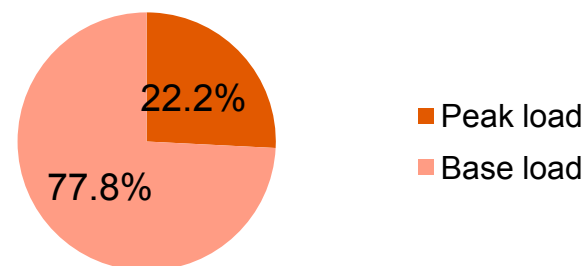
Balanced mix of peak and base load capacities is an essential element of BKW's vertical integration business model

Generation and purchases	HY2010 (GWh)	% Change
Hydroelectric plants	1,729	-10.9%
Nuclear power plants incl. purchase contracts	3,165	-0.7%
Thermal power plants	123	-52.3%
New renewable energy	18	5.9%
Total generation	5,035	-6.8%
(Total capacity)	(2,460)	
Trade (purchases) and energy buy-backs	8,048	3.2%
Total	13,083	-0.9%

Capacity half year 2010



Output half year 2010

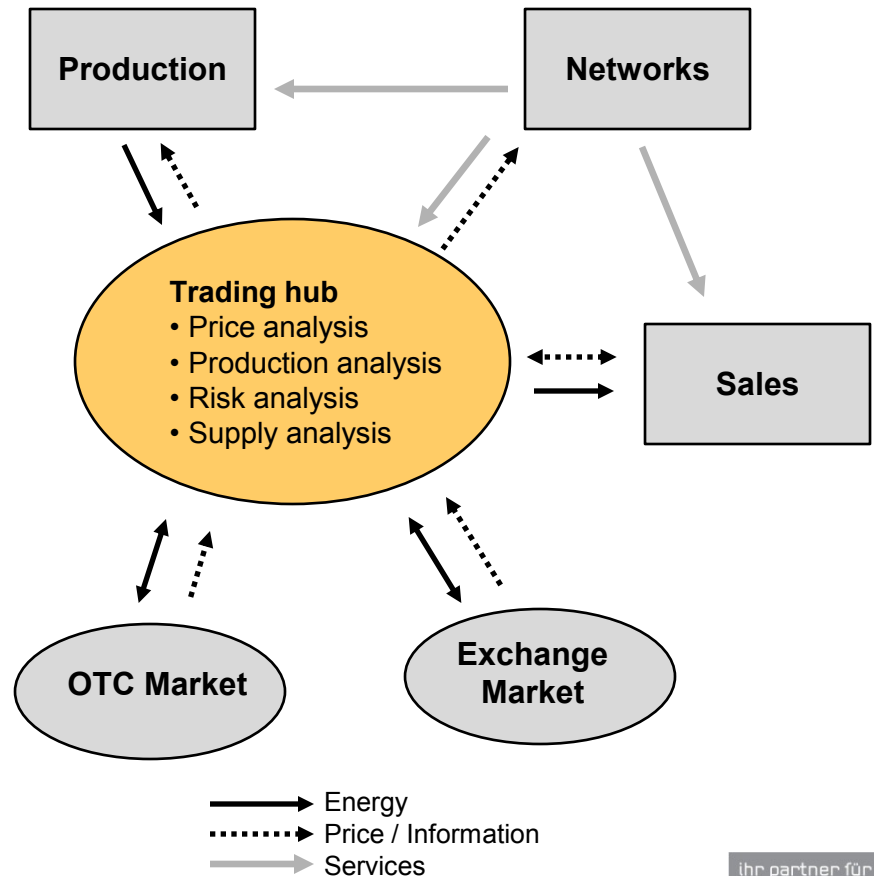


Peak load: storage and pump storage plants
 Base load: run-of-river, nuclear, other plants

Successful trading business

BKW exploits all available trading opportunities

- **Asset-based philosophy**
- Internal hub for Production, Sales and Networks
- Optimisation of procurement (including production) in terms of
 - demand and production fluctuations
 - seasonal effects



Electricity sales

Strong market position in Switzerland with over 340,000 customers served and a national market share of around 13.5%

Sales	HY2010 (GWh)	% Change
Electricity sales Switzerland	4,213	2.9%
Electricity sales International	3,174	21.7%
Electricity trading	5,281	-13.3%
Pump energy	280	24.4%
Transmission losses and own consumption	135	-26.6%
Total	13,083	-0.9%

Customer structure	Number of customers	GWh delivered
Switzerland		
Private customers	315,902	954
Business customers	22,720	1'025
Distributors	134	2'234
Total	338,756	4'213

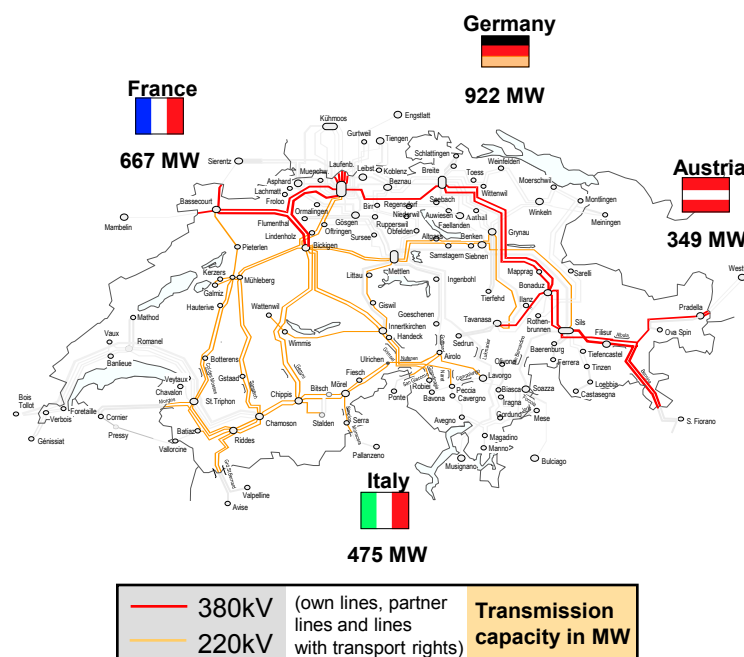
Price adjustments for 2011

Effective 1 October 2010, BKW is increasing its energy supply prices by an average of 6%.

Direct access to the end customer

BKW has an extensive distribution network, as well as a wide range of regional and local downstream systems

Transmission and distribution grid	Voltage (kV)	Length of lines (km)
Transmission (very high voltage)	380 and 220	763
Interregional distribution (high voltage)	132 and 50	1,184
Regional distribution (medium voltage)	16	5,301
Local distribution (low voltage)	0.4	14,626



Market liberalisation in Switzerland

Regulatory framework:

- Electricity supply law
- Electricity supply ordinance

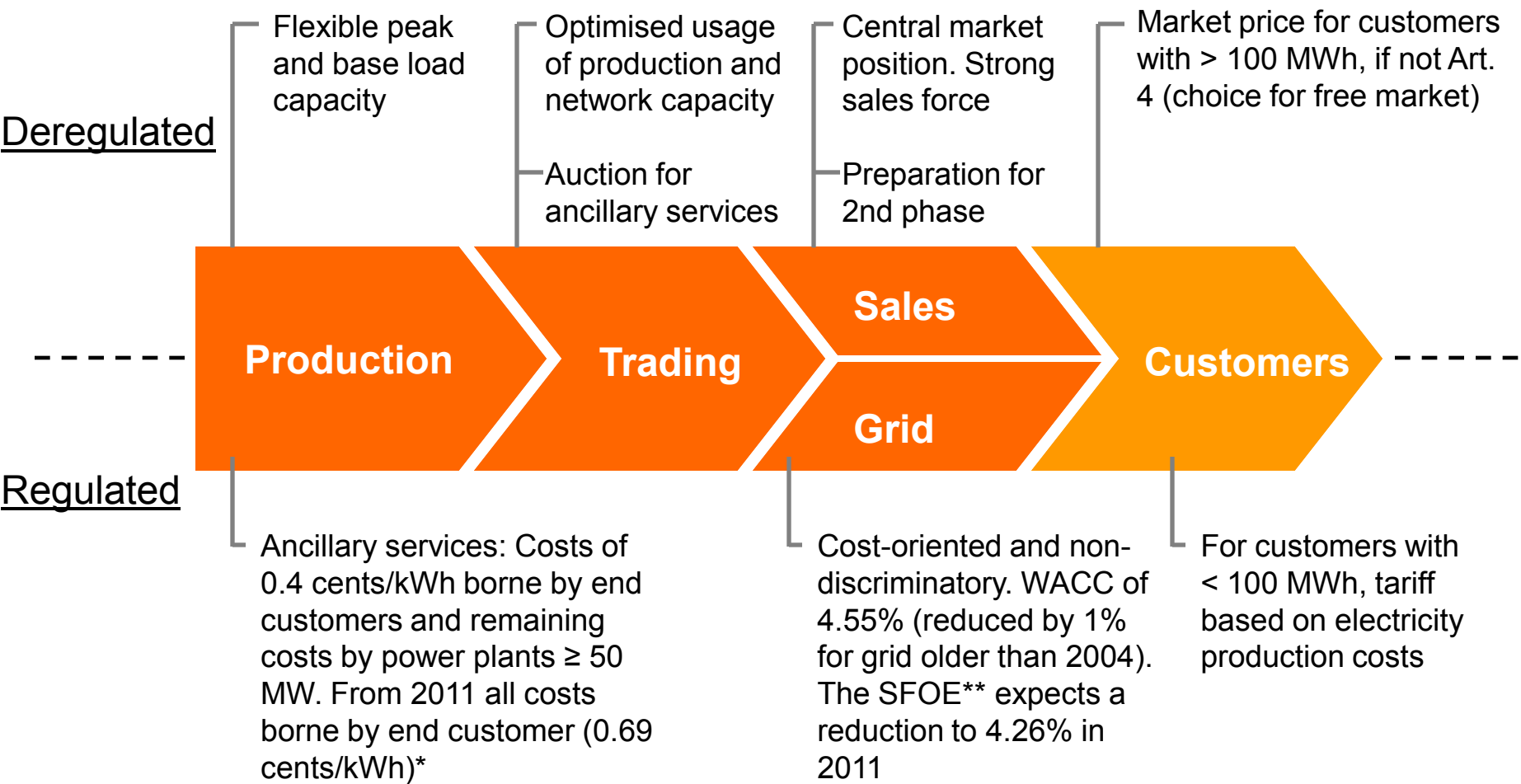
Liberalisation in two steps:

- 2009 for distributors and key accounts with > 100 MWh
- 2014 for SMEs and private customers with < 100 MWh

Regulator: Swiss Electricity Commission (ElCom)

- Monitoring competition on the Swiss electricity market
- Supervision of electricity tariffs for end users < 100 MWh
- Supervision of network utilisation tariffs
- Monitoring security of supply of the Swiss electricity market

BKW in the market liberalisation process



* Decision by the Swiss Federal Administrative Court of July 8 2010

**SFOE: Swiss Federal Office of Energy

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Strategy

With its organic growth programme, BKW is strengthening its market position and enhancing efficiency

Promotion of renewable energy production

Various projects in the field of hydroelectricity as well as wind, biomass and solar energy.

Construction of large-scale power plants

Expansion of production capacity; new build as well as holdings in production plants.

Energy efficiency enhancement

Enhancing energy efficiency through a variety of measures.

Grid modernisation and expansion

Investment in the modernisation and expansion of the transmission and supply grid.

Renewable energy in Switzerland

BKW is a leading producer in the field of renewable energy and plans to invest CHF 1 billion in new projects by 2020

- The feed-in tariff (FIT) for new renewable energy came into force on 1 January 2009.
- To promote the new renewable energy projects (i.e. small hydroelectric plants, biomass, wind, solar and geothermal energy), BKW founded sol-E Suisse AG in 2007. The company is the Swiss leader in the field of new renewable energy.
- An extension project implemented by the consolidated company Juvent SA has realised the largest and most powerful wind farm in Switzerland. The number of wind turbines was doubled to 16 and production was quadrupled to 40 GWh



Large power plants in Switzerland

To enhance efficiency and increase production capacity BKW is investing in new technology and facilities

- In January 2010 the Grand Council of the Canton of Berne approved the project for a new hydroelectric plant at Hagneck with 25 per cent more production capacity than the present facility.
- BKW intends to construct a gas-fired combined cycle power plant in Utzenstorf. Despite the suspension of planning work due to uncertainty over CO₂ regulations after 2012, BKW abides by its plans.



Mühleberg nuclear power plant

The replacement of Mühleberg is an important part of BKW's strategy

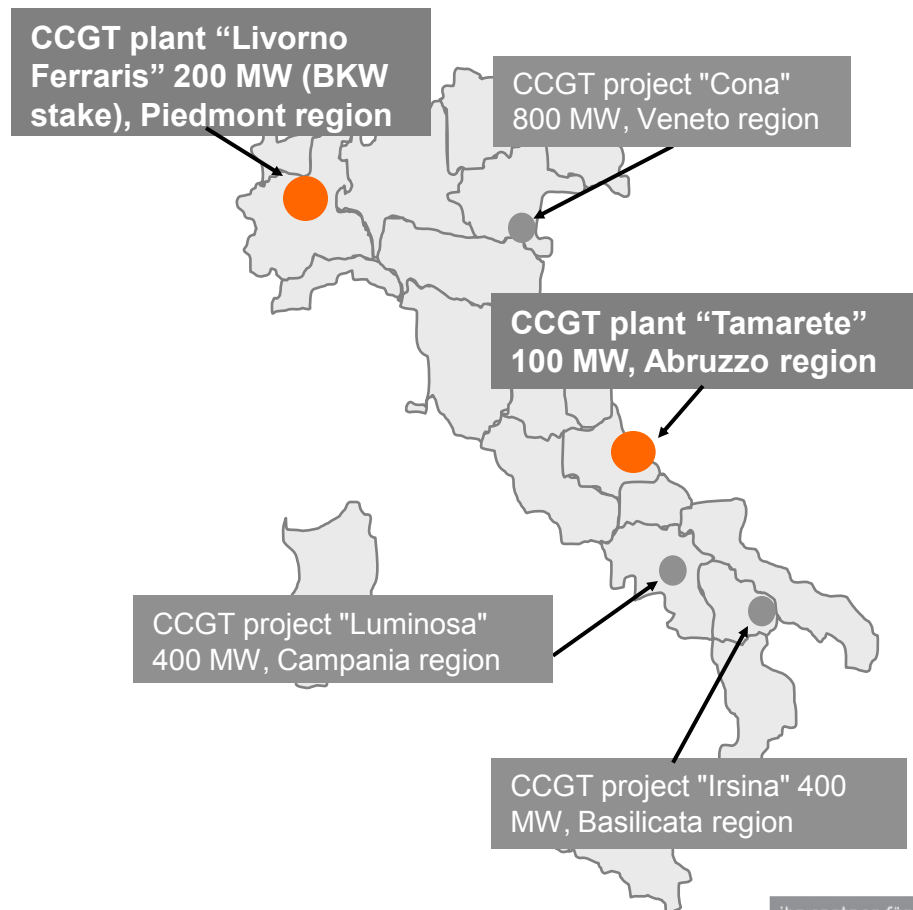
- In 2008 BKW and Axpo founded a joint planning company and submitted two general permit applications to replace the nuclear power plants Beznau I and II and Mühleberg.
- BKW applied for an extension of the permit to operate the nuclear power plant beyond 2012. In December 2009 the Federal Department of the Environment, Transport, Energy and Communications (DETEC) decided to abolish the time limit. The ruling has been contested before the Federal Administrative Court.



Gas in Italy

In Italy BKW is building its own flexible production capacity

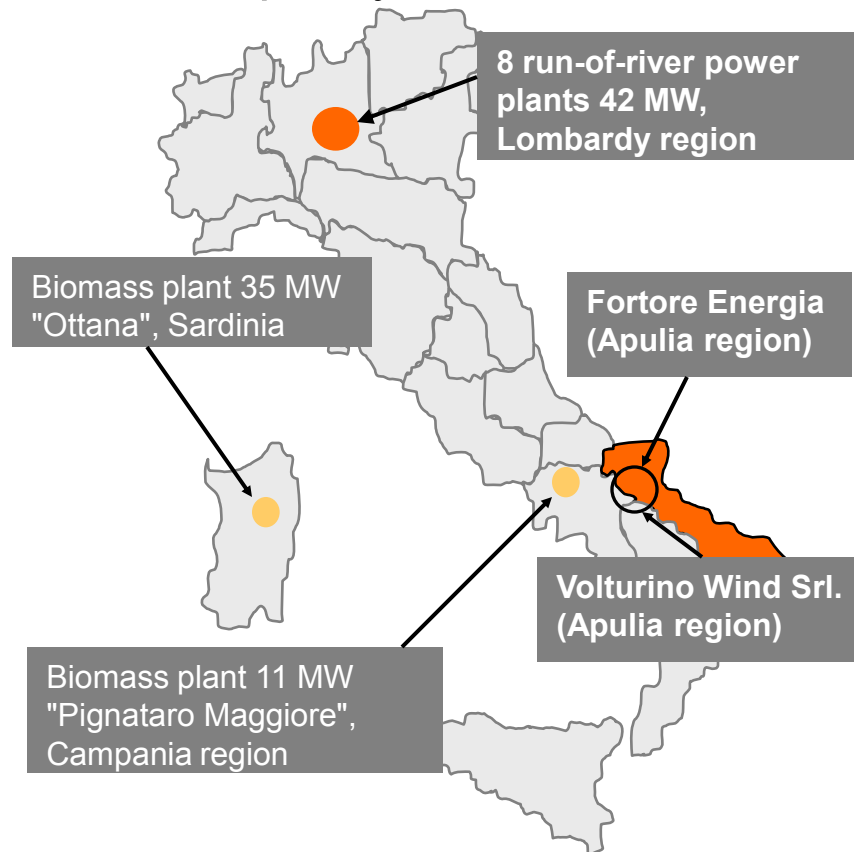
- In addition to the "Livorno Ferraris" plant, BKW owns a 48% holding in the Italian power plant company Tamarete Energia S.r.l. The company is expanding output from 5.5 MW to 104 MW. The new gas-fired combined cycle power plant is scheduled to go on-stream in 2011 with a production of 500 GWh.
- The other three CCGT projects in Italy, "Cona", "Luminosa" and "Irsina", are on hold.



Renewable energy in Italy

BKW is strongly involved in the diversification of its production portfolio with hydro, biomass and wind farm capacity.

- BKW and Fortore Energia S.p.A. will build wind farms with a total capacity of around 600 MW between now and 2016. BKW owns a 33% share in the company Fortore Wind. The company is aiming to invest more than EUR 1 billion.
- Volturino Wind Srl., an Italian project company owned by BKW, intends to set up a wind farm with a capacity of 25 MW.
- BKW owns 8 run-of-river power plants totalling 42 MW in the Lombardy region and has two minority stakes in biomass plants.



Coal-fired plant in Germany

In Germany BKW is building its own base load production capacity

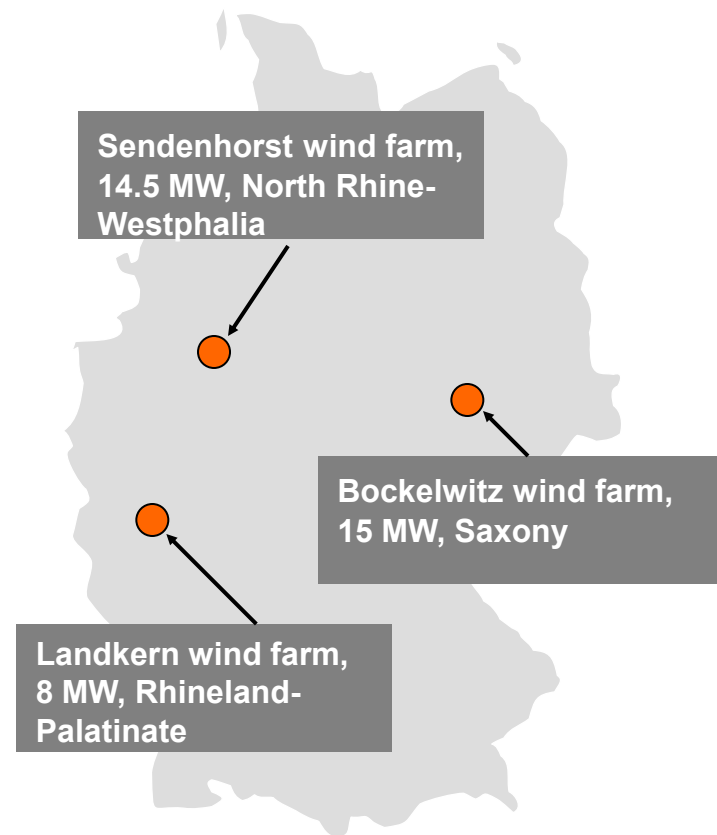
- In 2008, BKW acquired a 33% share (around 240 MW net capacity) in a coal-fired power plant to be operated by GDF Suez in Wilhelmshaven.
- BKW's investment will amount to some EUR 430 million.
- Main shareholder is Electrabel Deutschland AG with 52%. Wuppertaler Stadtwerke (WSW) owns a 15% share.
- The plant is scheduled to go on-stream in 2012.



Renewable energy in Germany

BKW is strongly involved in the diversification of its production portfolio with CO₂-free wind farm capacity.

- BKW and the juwi Group have entered into a strategic partnership and founded a joint venture, BKWind. By 2015, the partners are aiming to build wind farms in Germany with a capacity of around 200 MW. In January 2010 they commissioned their first 8 MW wind farm in Landkern.
- In March 2010 BKW and Energie Wasser Bern (EWB) entered into a 50/50 joint venture and founded HelveticWind Deutschland GmbH. They also have acquired a wind farm in Sendenhorst.
- BKW is looking for other wind farm locations and projects in Germany



Grid

Investment in the modernisation and expansion of the transmission and supply grid

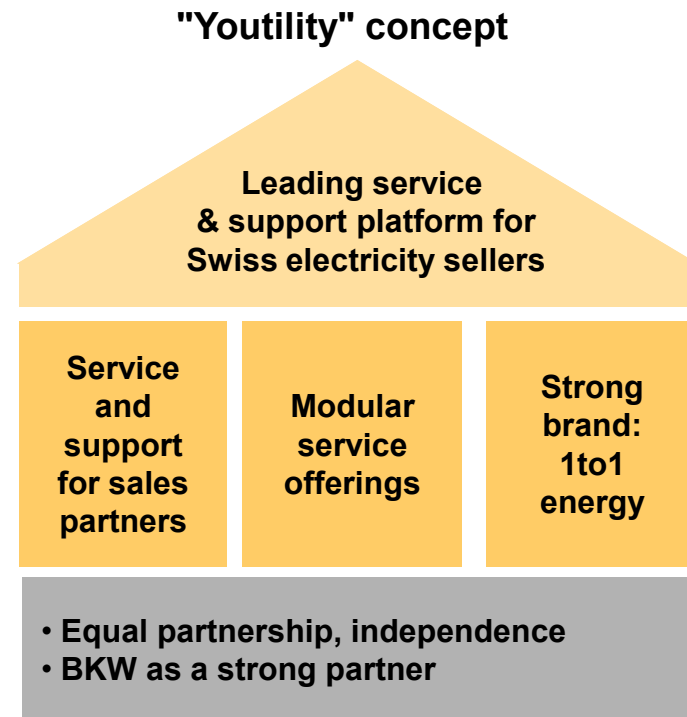
- BKW is adjusting the organisational structure and business processes of its Networks Division to address new market requirements. Against the background of changing market conditions - and increasing regulatory pressure in particular - the move will further exploit synergies and enhance the division's competitiveness.
- Over the next three years, in keeping with all high voltage grids, BKW's high voltage grid will be transferred to swissgrid, the national grid company.



Partners in success

The further development of cooperation and sales platforms is a key element of the BKW strategy

- Youtilty platform with the 1to1 energy brand.
 - More than 130 regional energy providers already use the platform.
 - Expansion to Eastern Switzerland via Abonax AG (16 partners),
 - and to Western Switzerland via Groupe E and SEFA, (Société Électrique des Forces de l'Aubonne).
- Regional strategic partner Groupe E
- Partners in energy production.



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Changes in presentation H1 2010

Changes in presentation according to IFRS

- Various new or revised accounting standards become applicable in the 2010 financial year. These changes in accounting principles have no material impact on the financial position, results of operations and cash flows of BKW. Nor have they resulted in additional disclosures in the consolidated interim financial statements compared to the last year-end statements, since no significant instances of application had occurred by 30 June 2010.

Changes in the scope of consolidation

- In the first half of 2010 BKW founded BEBAG Bioenergie Bätterkinden AG, with a holding of 56%, as well as BKW Borkum West II Beteiligungs GmbH, a company engaged in an offshore wind farm project in the North Sea off Germany. The 100% stake in Faltinek AG was fully disposed of.

Income Statement – Operational result

- Operating revenue fell by 12.9% to CHF 1,585.1 million. Energy procurement costs declined by 18.3% to CHF 953.1 million. Included in these costs is a reversal of a provision of CHF 28.9 million for onerous energy procurement contracts with partner plants.
- At CHF 174.3 million (-1.0%), personnel expenses remain virtually unchanged.
- Due primarily to lower costs for charging general ancillary services to power plants with a capacity \geq 50 MW, material and third-party services were CHF 17.2 million lower at CHF 89.9 million, while other operating expenses fell by CHF 6.2 million to CHF 105.9 million as a result of various cost-saving measures.
- EBITDA was up 1.5% at CHF 261.9 million. Depreciation, amortisation and impairment was CHF 4.5 million higher at CHF 68.8 million. At CHF 193.1 million, EBIT was virtually on a par with the prior-year figure.

	H1 2010 (CHF m)	Change in %
Operating revenue	1,585.1	-12.9%
Energy procurement	953.1	-18.3%
Expenses excluding energy procurement	370.1	-6.4%
EBITDA	261.9	1.5%
Depreciation and impairment	68.8	7.0%
EBIT	193.1	-0.4%

Business segments - Overview

H1 2010 (CHF m)	Energy Switzer- land	Energy Inter- national and Trading	Networks	Other	Consoli- dation	Total
Net sales to external customers	586.8	868.9	77.7	0.0	0.0	1,533.4
Net sales to other segments	456.7	434.0	216.9	26.0	-1,133.6	0.0
Net sales	1,043.5	1,302.9	294.6	26.0	-1,133.6	1,533.4
Own work capitalised other operat. income	30.5	3.9	27.7	53.5	-63.9	51.7
Total operating revenue	1,074.0	1,306.8	322.3	79.5	-1,197.5	1,585.1

The BKW Group is organised into business divisions and has three business segments: Energy Switzerland, Energy International and Trading, and Networks.

Energy Switzerland

- Total operating revenue rose by 2.3% to CHF 1,074.0 million
- Net sales to external customers were up by 3.9% to CHF 586.8 million, mainly due to higher sales in the supply region. Net sales to other segments fell by 1.4% to CHF 456.7 million due to lower electricity production.
- EBIT grew by CHF 85.0 million to CHF 98.4 million. This substantial increase is a result of lower internal energy procurement costs and the lower costs associated with the settlement of accounts for general ancillary services to power plants with a capacity \geq 50 MW.
- In addition, a provision of CHF 28.9 million for onerous energy procurement contracts with partner plants was fully reversed. Excluding this reversal of provision, operating income amounted to CHF 69.5 million.

	H1 2010 (CHF m)	Change in %
Operating revenue	1,074.0	+2.3%
Net sales external customers	586.8	3.9%
Net sales other segments	456.7	-1.4%
EBIT	98.4	+634.3%

Energy International and Trading

- Total operating revenue decreased by 18.3% to 1,306.8 million.
 - electricity trading fell by 30.6% to CHF 530.4 million.
 - derivative trading was down by 102% to CHF -0.4 million due to the difficult market environment.
 - international sales fell slightly by 2.9% to CHF 268.2 million.
- Net sales to external customers dropped by 23.0% to CHF 868.9 million, while net sales to other segments fell by 7% to CHF 434.0 million due to lower internal transfer prices for energy.
- EBIT dropped sharply by 67.1% to CHF 48.5 million, mainly due to low energy prices, the weak euro, lower internal transfer prices for energy and a decline in income from participation in auctions for ancillary services.

	H1 2010 (CHF m)	Change in %
Operating revenue	1,306.8	-18.3%
Electricity trading	530.4	-30.6%
Energy derivatives trad.	-0.4	-102.0%
International sales	268.2	-2.9%
Net sales external customers	868.9	-23.0%
Net sales other segments	434.0	-7.0%
EBIT	48.5	-67.1%

Networks

- Total operating revenue was stable, rising only slightly by 2.0% to CHF 322.3 million.
- Net sales to external customers were down 6.4% to CHF 77.7 million, while net sales to other segments rose by 4.8% to CHF 216.9 million.
- External revenue for grid usage is largely invoiced by Energy Switzerland and disclosed as internal revenue by the Networks segment, hence the low figure for revenue generated by Networks outside the Group. The bulk of this revenue is accounted for by engineering services and the electrical installation business, which posted a 1.2% increase in revenue to CHF 50.2 million (incl. changes in work in progress).
- EBIT rose by CHF 8.4 million to CHF 53.6 million, chiefly due to the volume-related increase in grid usage revenue.

	H1 2010 (CHF m)	Change in %
Operating revenue	322.3	+2.0%
Net sales external customers	77.7	-6.4%
Net sales other segments	216.9	+4.8%
EBIT	53.6	+18.6%

Income Statement - Net profit

- Due to the downward trend on equity markets and the low euro, the financial result for the first half of 2010 was CHF 31.1 million lower than the prior-year period at CHF -26.6 million.
- Due to the lower result, income tax expenses fell by CHF 10.7 million to CHF 32.1 million.
- Because of the negative financial result, the stable operating profit was not fully reflected in net profit, which ended the first half of 2010 at CHF 134.4 million compared to CHF 155.5 million for the same period in 2009.

	H1 2010 (CHF m)	Change in %
EBIT	193.1	-0.4%
Financial result	-26.6	-
Income taxes	-32.1	-25.0%
Net profit	134.4	-13.6%

Cash Flow Statement

- Cash flow before the change in net current assets and before income taxes fell by CHF 28.3 million to CHF 219.6 million.
- Mainly due to a change in net current assets of CHF 90.7 million, cash flow from operating activities was CHF 100.4 million below the prior-year figure.
- As in the prior-year period, the first six months of 2010 ended with a cash inflow from investing activities as a result of the reduction in current and non-current financial assets. The cash inflow was CHF 125.5 million lower largely due to higher investments in equity-valued companies.
- Cash outflow from financing activities rose by CHF 5.0 million to CHF 125.6 million due to the higher dividend.
- The lower cash inflow from operating and financing activities resulted in a decrease of CHF 242.1 million in net change in cash and cash equivalents.

	H1 2010 (CHF m)	Change in %
Cash flow before change in net current assets and income taxes paid	219.6	-11.4%
Cash flow from operating activities	151.2	39.9%
Cash flow from investing activities	60.1	-67.6%
Capex (property, plant, equipment)	-114.9	-2.7%
Equity-valued companies	-91.3	404.4%
Cash flow from financing activities	-125.6	+4.1%
Net change in cash and cash equivalents	77.4	-75.8%

Balance Sheet - Assets

Financial assets

- Net cash amounts to approximately CHF 0.5 bn. Conservative investment policy: focus on time deposits
- Two state funds of almost CHF 0.6 bn cover the future cost of nuclear waste disposal and plant decommissioning

Property, plant & equipment (CHF 2.0 bn)

- Property, plant & equipment increased by 0.8%.

	H1 2010 (CHFm)
Net cash	
Cash and cash equivalents	537.2
Short-term financial assets	602.2
Non-current financial assets	1,037.2
Total financial assets	2,176.6
- Long-term provisions	1,133.6
- Short-term debts	0.0
- Long-term debts	577.8
Net cash	465.2

Balance Sheet – Liabilities and Equity

Provisions for nuclear waste disposal and decommissioning (CHF 1,132 m)

H1 2010 (CHFm)	Decommissioning	Disposal of spent fuel elements	Plant specific activities	Total
Cost calculation (price level 2006)	656	1,609	163	2,428
Provisions as per 30.06.2010	517	1,171	140	1,828
Provisions paid as per 30.06.2010	0	-630	-66	-696
Net provisions as per 30.06.2010	517	541	74	1,132

Financial debt (CHF 578 m)

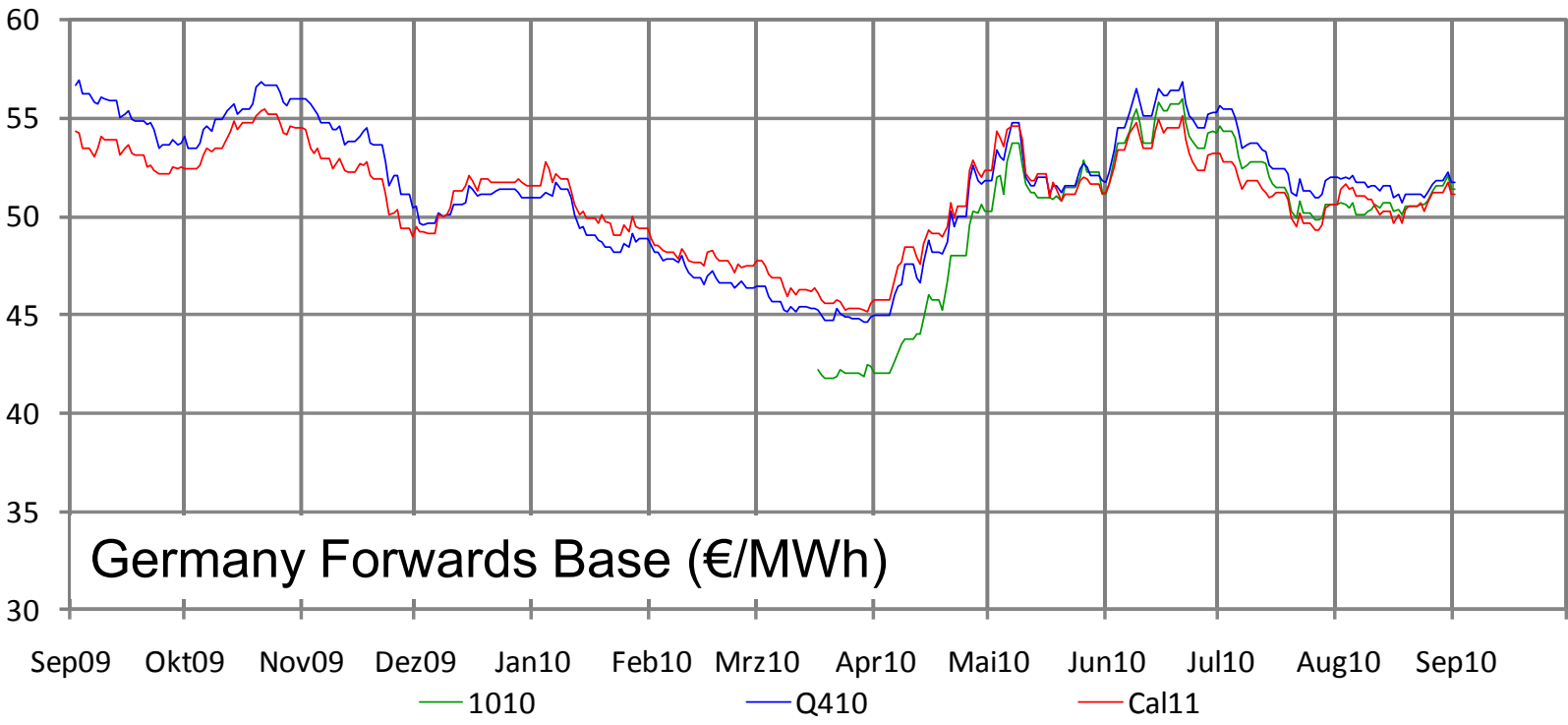
- Swiss bond of nom. CHF 200 m matures on 27.04.2022
- Swiss bond of nom. CHF 350 m matures on 29.07.2019

Shareholders' equity (CHF 3.2 bn)

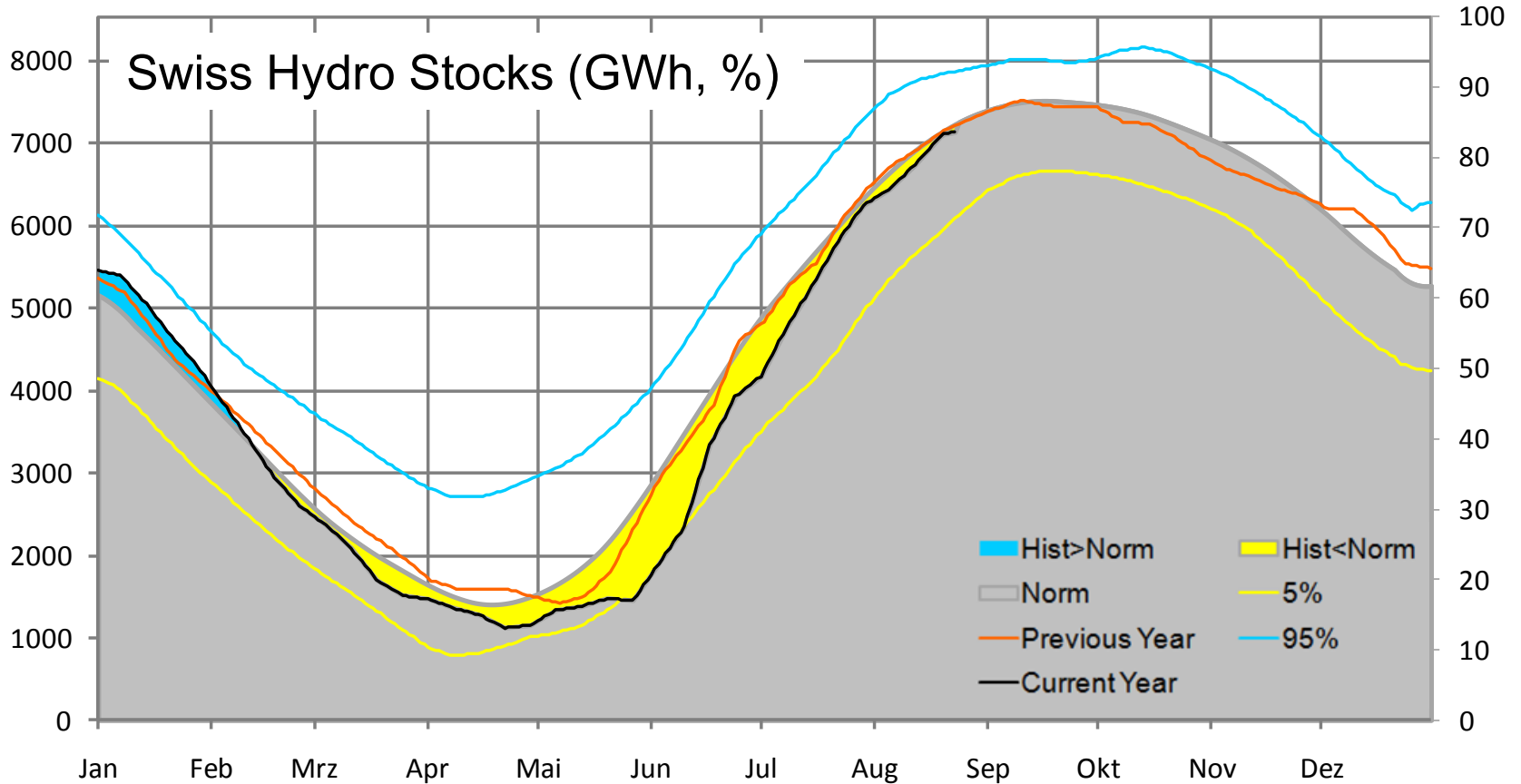
- Equity ratio stands at 50.0%
(2009: 49.8%)

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Wholesale price for electricity

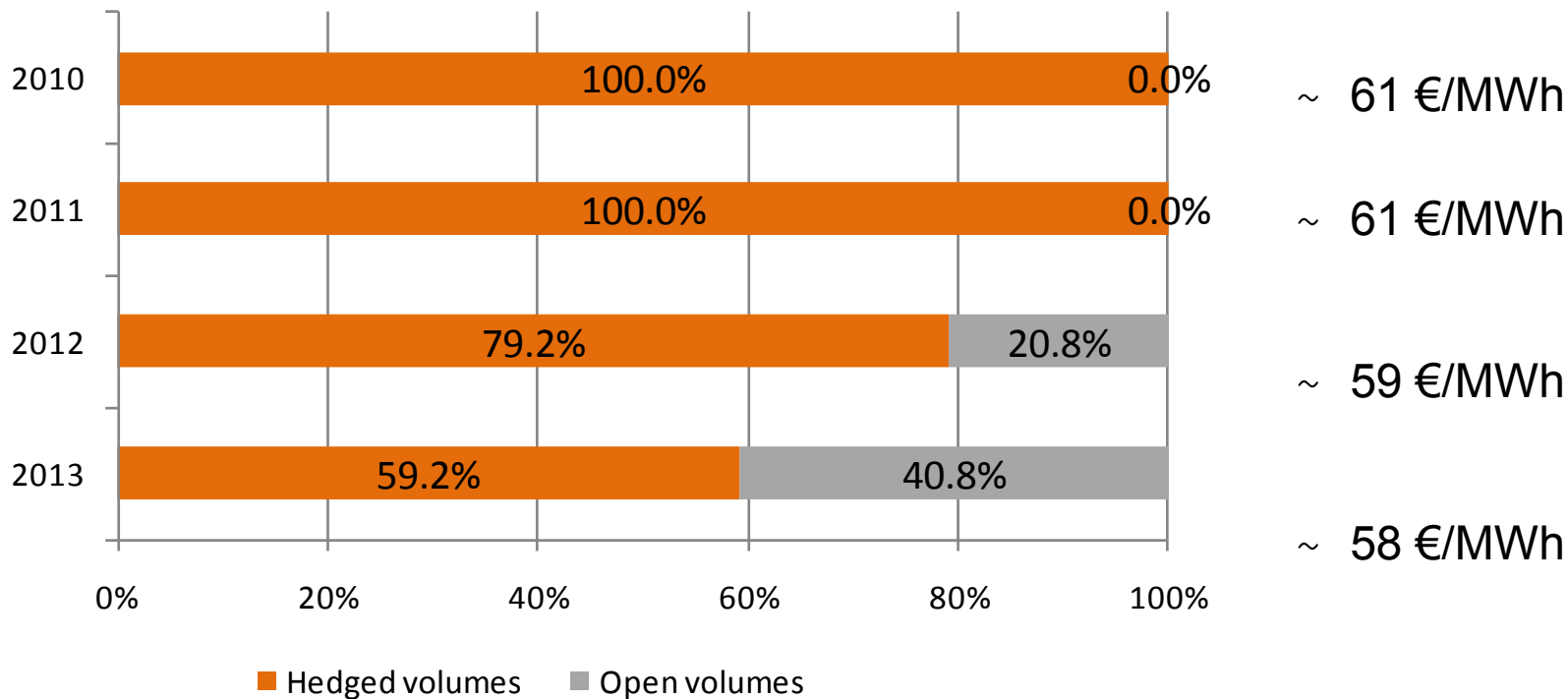


Swiss water reservoirs



Hedging of (outright) power generation per 26.08.2010

Hedge price



On-going ECom proceedings

Proceeding	Opened	ECom decision / proceeding status	Court decision expected
Costs & tariffs 2009 Grid level 1	July 2008	ECom* Decision: March 2009 BKW appeal: April 2009	FAC**: End of 2010
Costs & tariffs 2010 Grid level 1	June 2009	ECom Decision: March 2010 BKW appeal: April 2010	FAC : open
Costs & tariffs 2009 + 2010 Grid level 2-7 and energy (basic service clients)	Sept. 2009	pending	
WACC reduction		ECom Decision: April 09 BKW appeal: Mai 09	FAC End of 2010
Costs & tariffs 2011 Grid level 1	June 2010	pending	

* ECom: Electricity Commission

** FAC: Federal Administrative Court

Investment programmes

BKW aims to invest up to CHF 4 billion by the year 2020

- Maintenance approx. CHF 150 million per annum
- Coal-fired power plants (Germany):
Wilhelmshaven EUR 430 million (EUR 230 million paid by the end of June 2010)
- Gas-fired combined cycle power plants (Italy):
Tamarete EUR 43 million (EUR 31 million paid by the end of June 2010)
- Hydro power plants (mainly Switzerland):
around CHF 0.7 billion
- Projects for renewable energy (Switzerland):
around CHF 1 billion
- Projects for renewable energy (Germany & Italy):
around CHF 0.5 billion
- Expansion of grid and sales (Switzerland):
around CHF 0.5 billion

After 2020 replacement of Mühleberg nuclear power plant

2010 Outlook

Lower EBITDA and net result

BKW expects to close the current financial year with lower revenue due to market-related factors.

The difficult environment, marked by sustained low energy prices on the international markets, economic uncertainty, new regulatory requirements and costs related to strategic projects – particularly in connection with the drive to expand production – will also have an impact on the operating result in the second half-year. Taking all these factors into account, operating profit before interest, taxes, depreciation and amortisation (EBITDA) is likely to fall short of the 2009 figure, adjusted for the special effect of the change in pension plan assets booked to income.

The financial result is dependent on financial market movements; assuming that financial markets remain stable, BKW expects to close 2010 with net profit lower than the prior-year figure.

Financial Calendar

- Advance information on 2010 Annual Results: 24 February 2011
- Publication of 2010 Annual Results: 17 March 2011
- General Shareholders' Meeting: 13 May 2011
- Dividend Payment: 20 May 2011
- 2011 Half-Year Report: 15 September 2011

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Disclaimer

This presentation contains forward-looking statements which are made on the basis of current expectations and assumptions. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include, among others, such factors as market and economic conditions, governmental regulations, competitive conditions, interest rates and fluctuation in currency exchange rates. Although BKW believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved. BKW undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.