

BKW Group

A leading Swiss power company

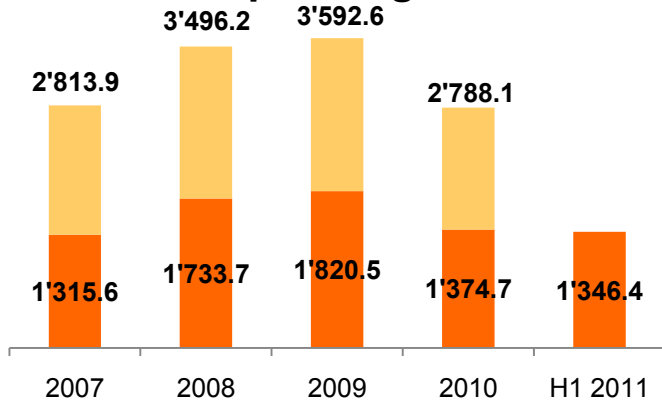
Company Presentation
September 2011

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

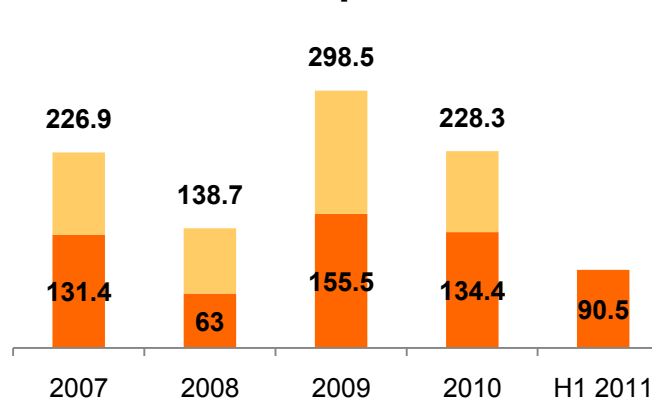
- **Our business**
- Strategy
- Financials
- Outlook

Key figures

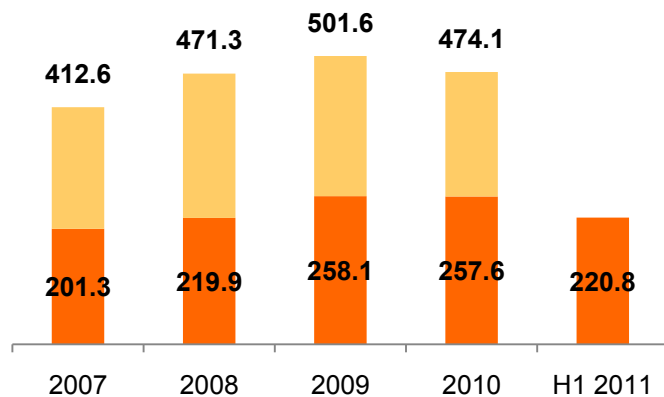
Total operating revenue



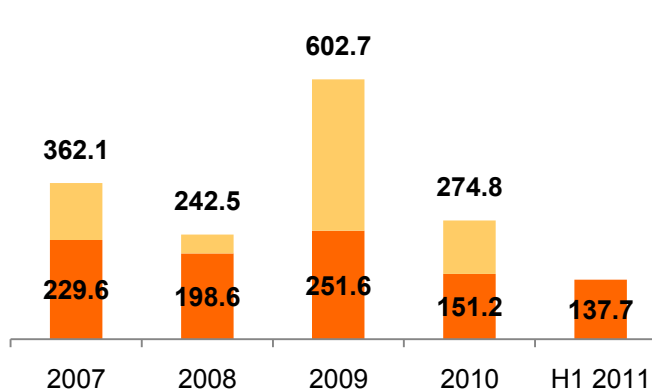
Net profit



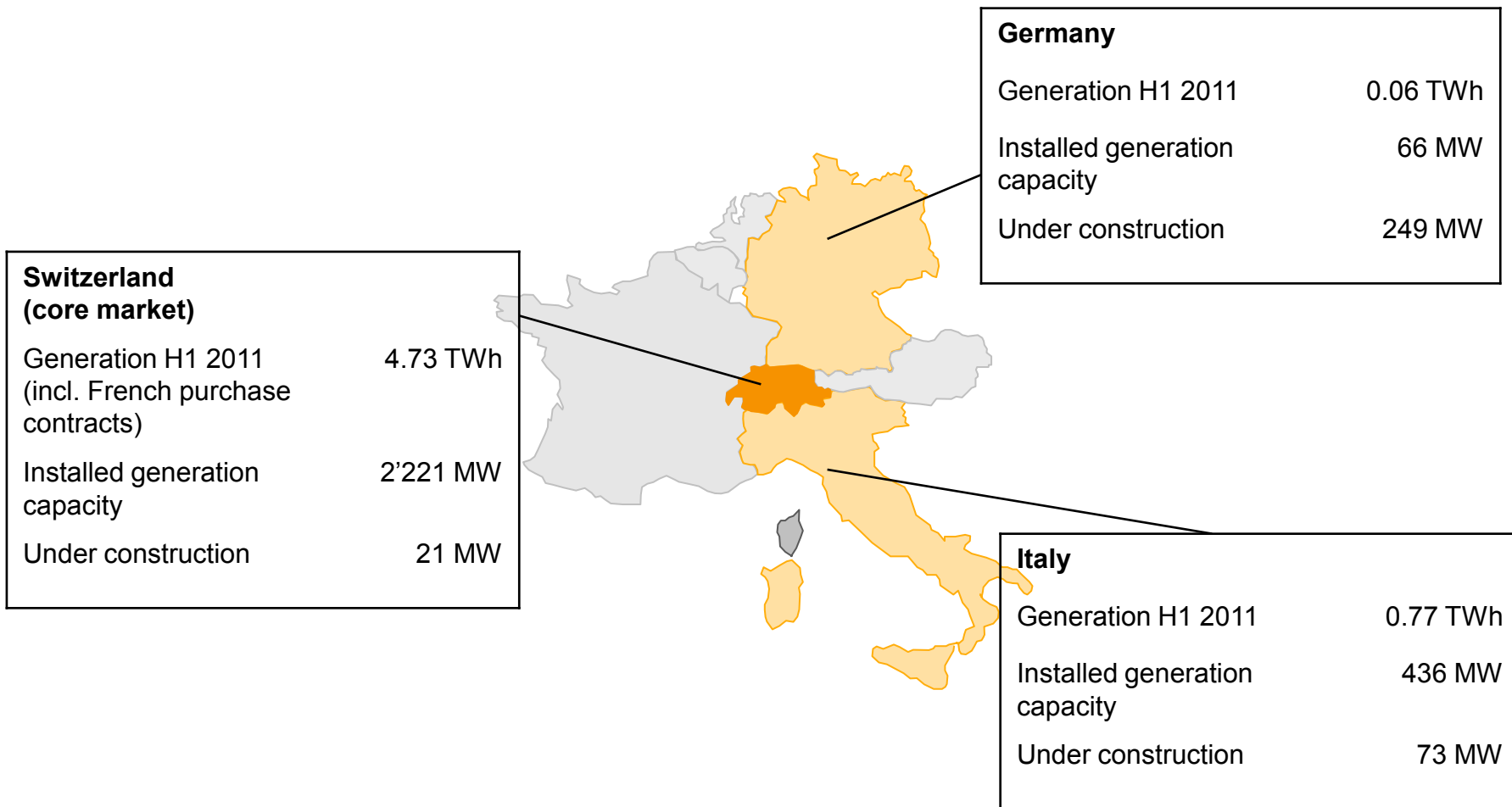
EBITDA



Operating cash flow



BKW Group - Overview



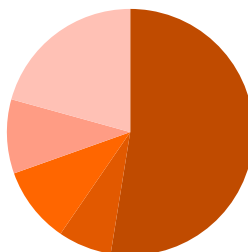
Shareholder structure

Significant shareholders

The proportion of shares held by the public (free float) is around 20.7%. BKW shares are listed on the main segment of the SIX Swiss Exchange and are included in the Swiss Performance Index (SPI).

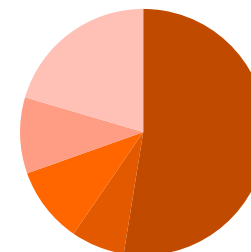
30.06.2011

Canton of Berne	■ 52.54%
E.ON Energie AG	■ 7.03%
Groupe E Ltd.	■ 10.00%
Treasury stock	■ 9.72%
Free Float	■ 20.71%



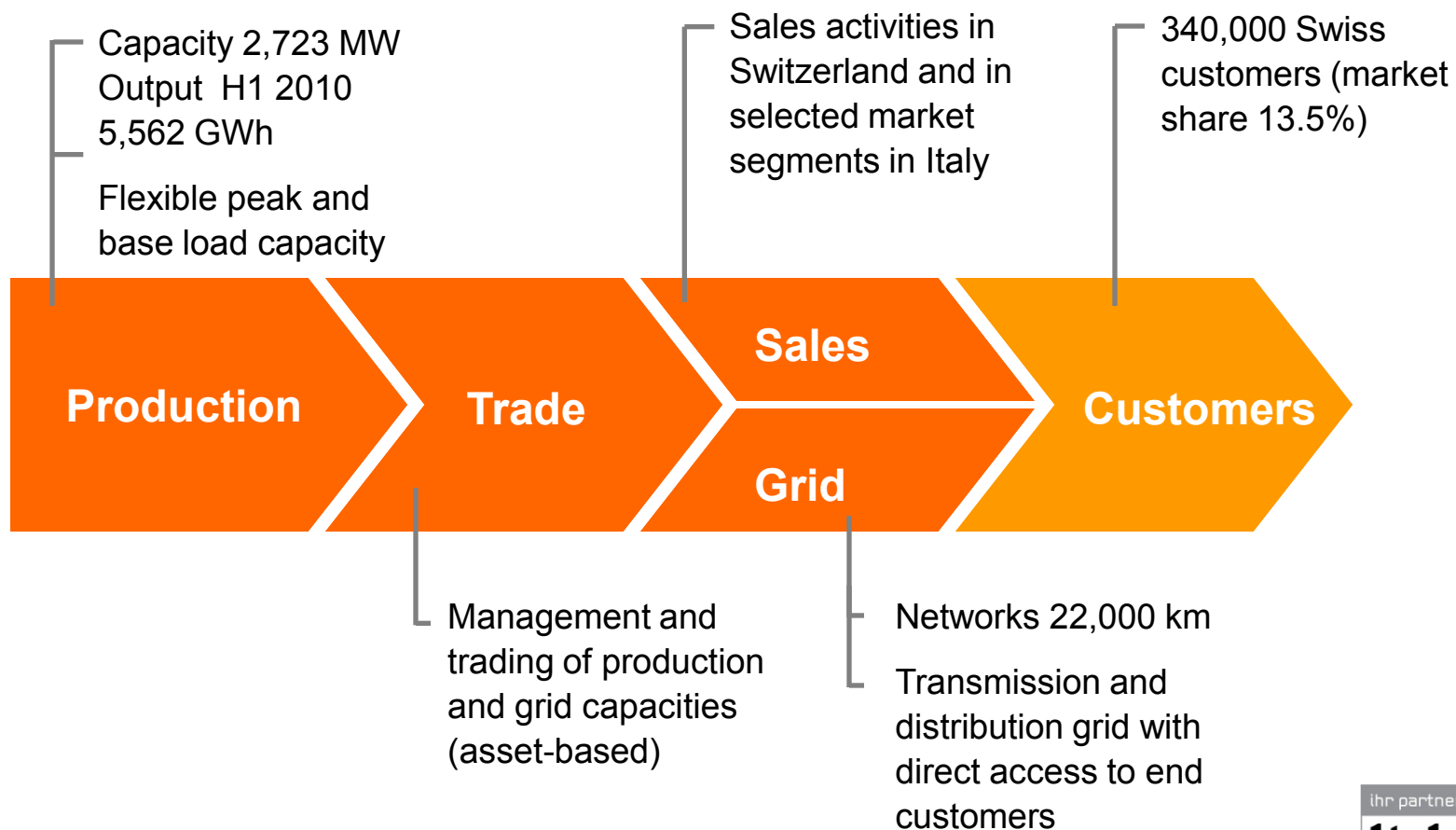
31.12.2010

Canton of Berne	■ 52.54%
E.ON Energie AG	■ 7.03%
Groupe E Ltd.	■ 10.00%
Treasury stock	■ 9.99%
Free Float	■ 20.44%



Integrated power company

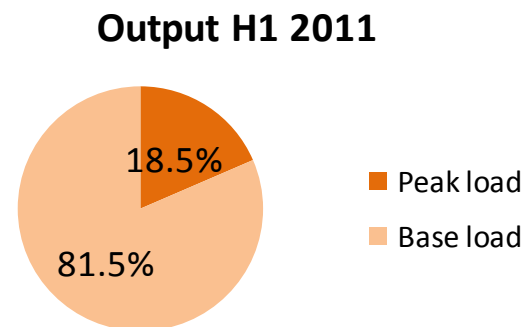
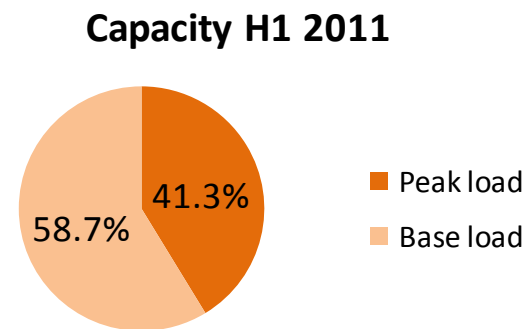
- Vertically integrated in Switzerland
- Serving selected market segments in Italy



Generation and procurement

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

Generation and purchases	H1 2011 (GWh)	% change
Hydroelectric plants	1,535	-11.2%
Nuclear power plants incl. purchase contracts	3,221	1.8%
Thermal power plants	637	418.1%
New renewable energy incl. fin. investments	168	116.1%
Total generation	5,561	-8.4%
Total capacity MW	2,723	
Trade (purchases) and energy buy-backs	5,155	-10.9%
Total	10,716	-1.5%

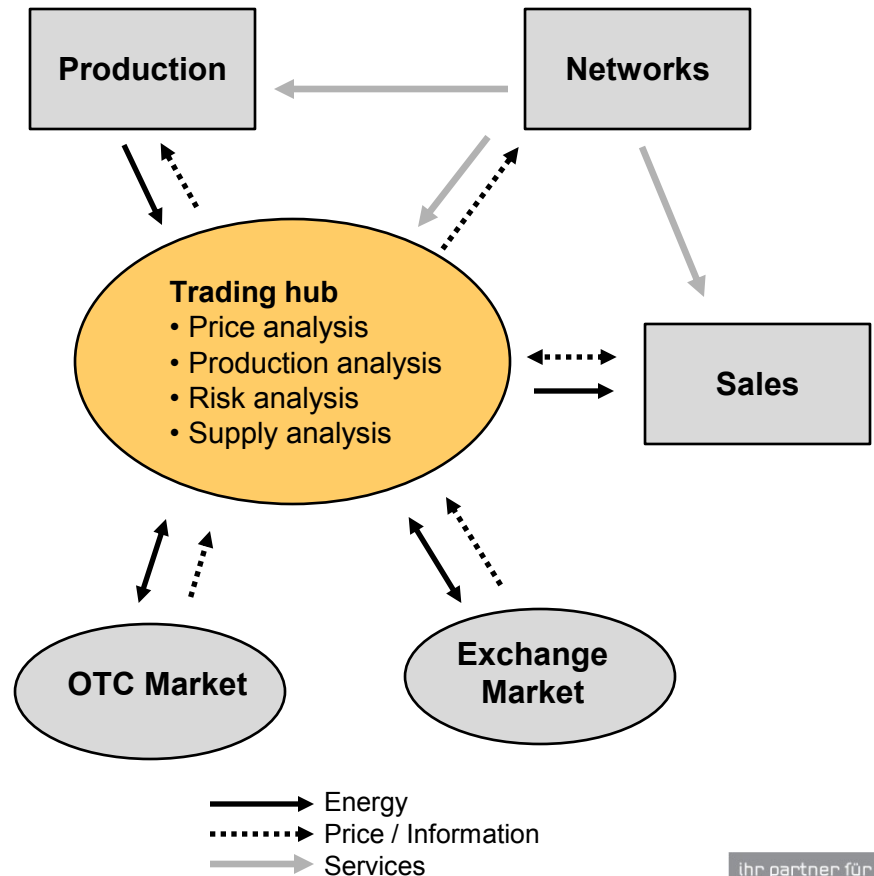


Peak load: storage and pump storage plants
 Base load: run-of-river, nuclear, other plants

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.

Sales	H1 2011 (GWh)	% Change
Electricity sales Switzerland	4,138	-1.8%
Electricity sales International	804	-11.8%
Electricity trading	5,475	3.7%
Pump energy	149	-46.9%
Transmission losses and own consumption	101	-24.9%
Direct sales from fin. investments	49	-16.9%
Total	10,716	-1.5%

Customer structure Switzerland	Number of customers	GWh delivered
Private customers	319,514	1,021
Business customers	21,637	932
Distributors	113	2,185
Total	341,552	4,138

Price adjustments

Effective 1 October 2010, BKW increased its energy supply prices by an average of 6%. Cost reductions in the grid area lead BKW to lower prices by an average of 3.2% as from 1 October 2011.

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 (ultra high voltage)	380 & 220	763
Interregional distribution (high voltage)	132 & 50	1,187
Regional distribution (medium voltage)	16	5,439
Local distribution (low voltage)	0.4	14,790

Market liberalisation in Switzerland

Regulatory framework:

- Electricity Supply Act
- Electricity Supply Ordinance

Liberalisation in two steps:

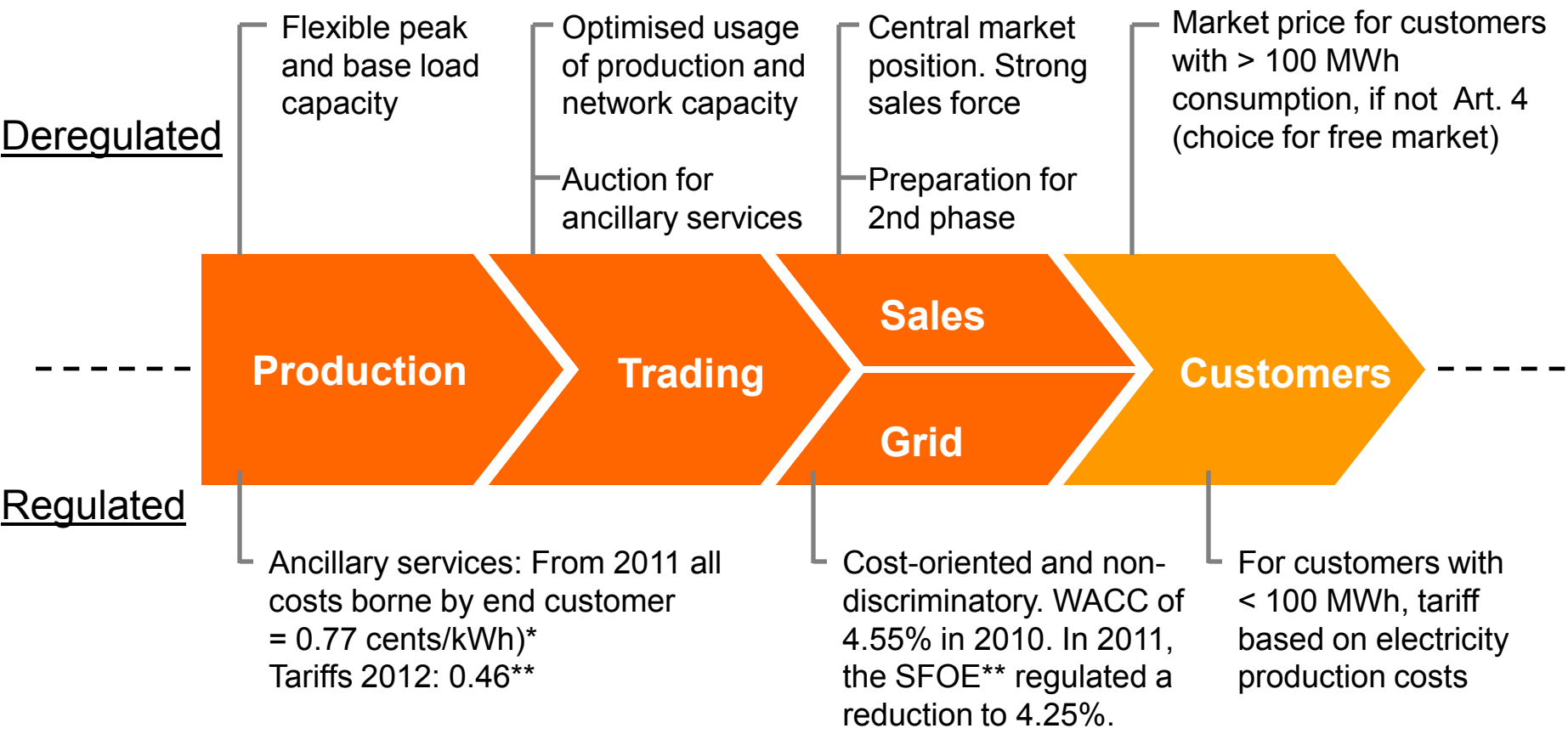
2009 for distributors and key accounts with > 100 MWh

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 for the Swiss electricity market

BKW in the market liberalisation process



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

**SFOE: Swiss Federal Office of Energy

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

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 builds 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.

Production strategy review

Review of corporate strategy in the wake of the events in Japan

Current strategy and background:

- For years BKW has been working on a replacement for Mühleberg nuclear power plant
- In April 2011 the Federal Council decided to suspend the applications for the replacement

Purpose of the strategy review:

- Analyse various options and time frames for replacing Mühleberg
- Examine their feasibility and financing options

A sustainable domestic variant can only be achieved if Mühleberg is not obliged to shutdown prematurely. Therefore BKW:

- will make every effort to maintain the current good safety standard of the plant
- supports the efforts of the safety authorities
- has already formulated and implemented initial measures

The results of the strategy review are expected next year.

Renewable energy in Switzerland

BKW is a leading producer in the field of renewable energy and plans to invest CHF 0.3 billion in new projects up to 2015.

- To promote new renewable energy projects (i.e. small hydroelectric plants, biomass, wind, solar and geothermal energy), BKW founded sol-E Suisse AG in 2007, today a leader in the field of new renewable energy in Switzerland.
- An extension project implemented by the consolidated company Juvent SA has built the largest and most powerful wind farm in Switzerland.
- More and more obstacles to building new plants in Switzerland due to increasing opposition and long-drawn-out procedures. But BKW intends to remain the market leader.



Large power plants in Switzerland

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

Planned investments in Kraftwerke Oberhasli AG ,KWO (BKW stake 50%):

Upgrade of existing Handeck 2 and Innertkirchen 1 power plants

- Additional capacity: 280 MW
- Additional energy: 70 GWh per year
- Investment: CHF 305 mill.
- Construction period: 5 years

New Grimsel 3 underground pump storage plant

- Capacity: approx. 600 MW
- Investment: approx. CHF 600 mill.
- Construction period: 6 years

Raising the Grimsel dam

- Energy content of additional storage volume: 240 GWh
- Investment: CHF 260 mill.
- Construction period: 6 years



The concession is expected to be granted in the spring of 2012. Construction on the upgrade of Handeck 2 and Innertkirchen 1 as well as Grimsel 3 will start in 2012. The project to enlarge the Grimsel reservoir is still open.

Mühleberg nuclear power plant

Short and long-term measures under way

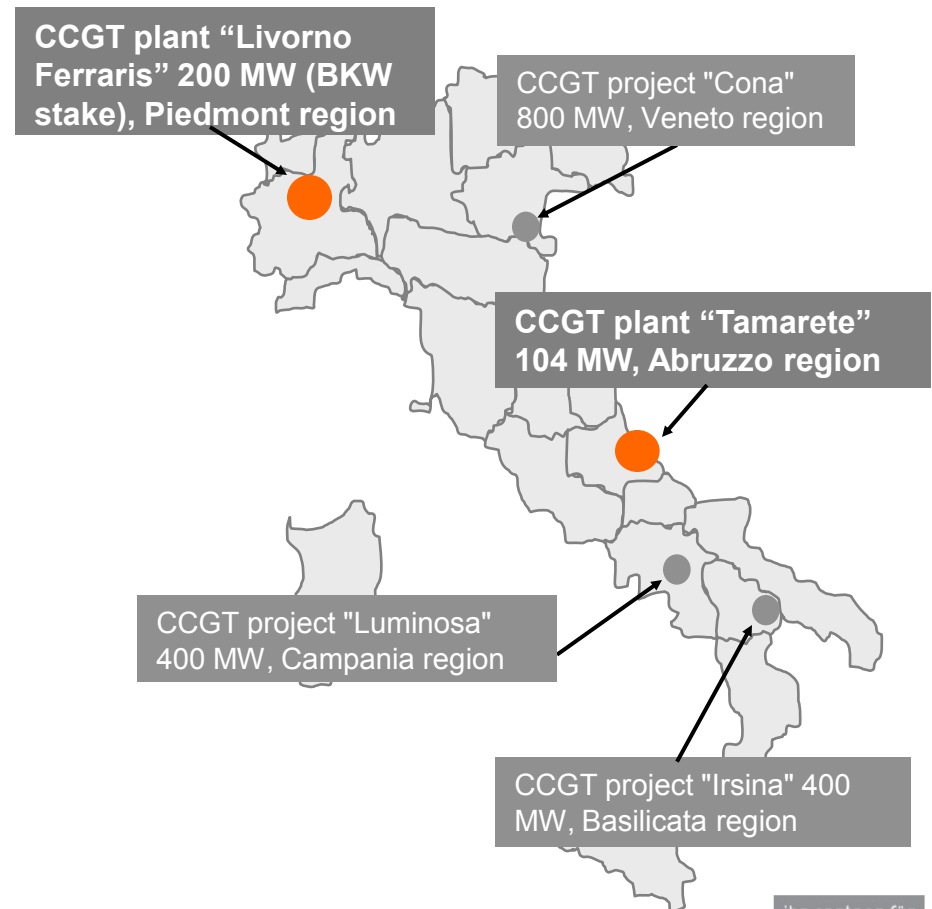
- Mühleberg nuclear power plant (KKM) went into operation in 1972 and consists of a single boiling water reactor (BWR) provided by General Electric (annual output 3 TWh).
- Short term investments on the intake structure to ensure cooling water supplies even in the event of extreme floods.
- Long term investments to be analysed
- In 2009 the Federal Department of the Environment, Transport, Energy and Communications (DETEC) decided to grant a permit to operate the plant beyond 2012. The ruling has been contested before the Federal Administrative Court.



Gas in Italy

In Italy BKW is building its own flexible production capacity.

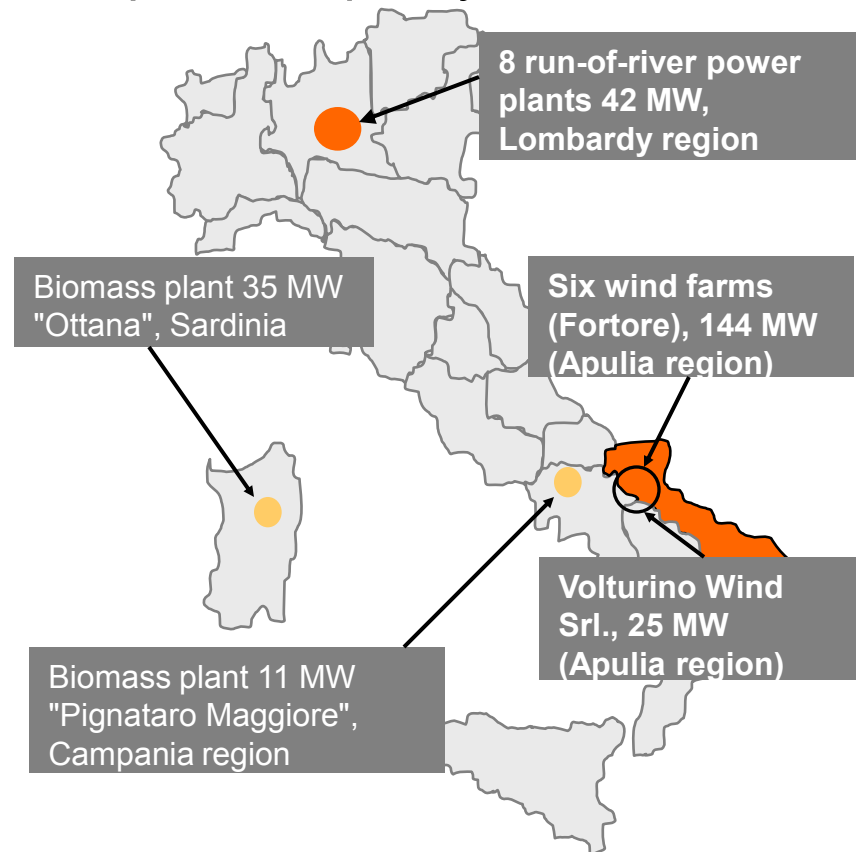
- In addition to the Livorno Ferraris plant, BKW holds a 48% stake in Italian power plant company Tamarete Energia S.r.l. The company is expanding capacity from 5.5 MW to 104 MW. The new gas-fired combined cycle power plant is scheduled to go on-stream in early 2012 with a production volume of 500 GWh.
- The other three CCGT projects in Italy, “Cona”, “Luminosa” and “Irsina”, are on hold.



Renewable energy in Italy

BKW is heavily engaged in diversifying its renewable production portfolio with a focus on wind power capacity.

- In the spring of 2009 BKW acquired a 33% interest in the newly-founded Fortore Wind Srl from Fortore Energia. In 2011 Fortore Energia has repurchased BKW's holding in Fortore Wind, whereas BKW has fully acquired the six up-and-running wind farms in which it already held a stake via Fortore Wind.
- 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.

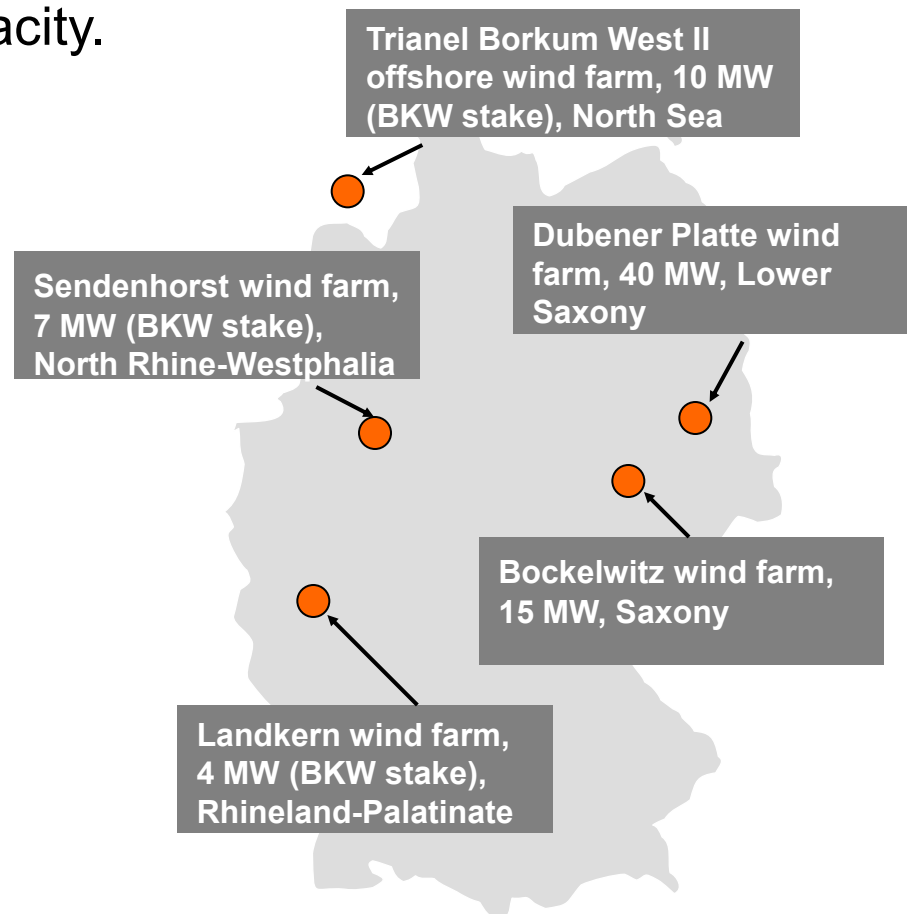
- In 2008, BKW acquired a 33% share (around 240 MW net capacity) in a coal-fired power plant to be operated by GDF Suez in Wilhelmshaven.
- The main shareholder is GDF Suez Energie Deutschland AG with 52%. Wuppertaler Stadtwerke (WSW) owns a 15% share.
- The plant is scheduled to go on-stream in 2013.



Renewable energy in Germany

BKW is heavily engaged in diversifying its production portfolio through CO₂-free wind power capacity.

- In March 2010 BKW and Energie Wasser Bern (EWB) entered into a joint venture to found HelveticWind. The joint venture acquired a wind farm in Sendenhorst.
- Dubener Platte wind farm started to generate electricity at the end of December 2010. BKW acquired the wind farm from Ventotec GmbH in September 2010.
- BKW and the juwi Group have founded a joint venture. In January 2010 they commissioned a wind farm in Landkern.



Grid

Legally prescribed transfer of Grid Level 1 to Swissgrid.

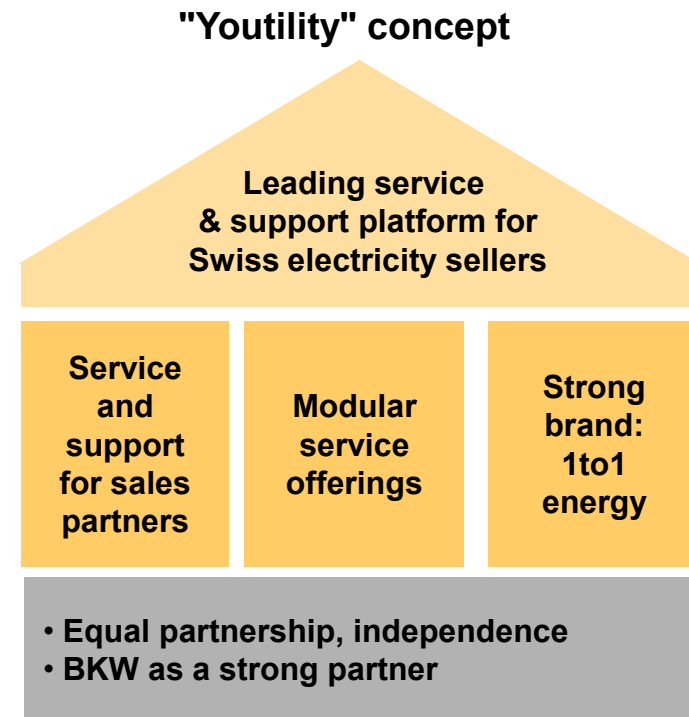
- National grid operator Swissgrid will take over Grid Level 1 (international and national ultra-high-voltage grid) by 2013.
- This will involve around 12% of BKW's 22,000-kilometer-long network of lines as well as significant parts of BKW's grid installations.



Partners in success

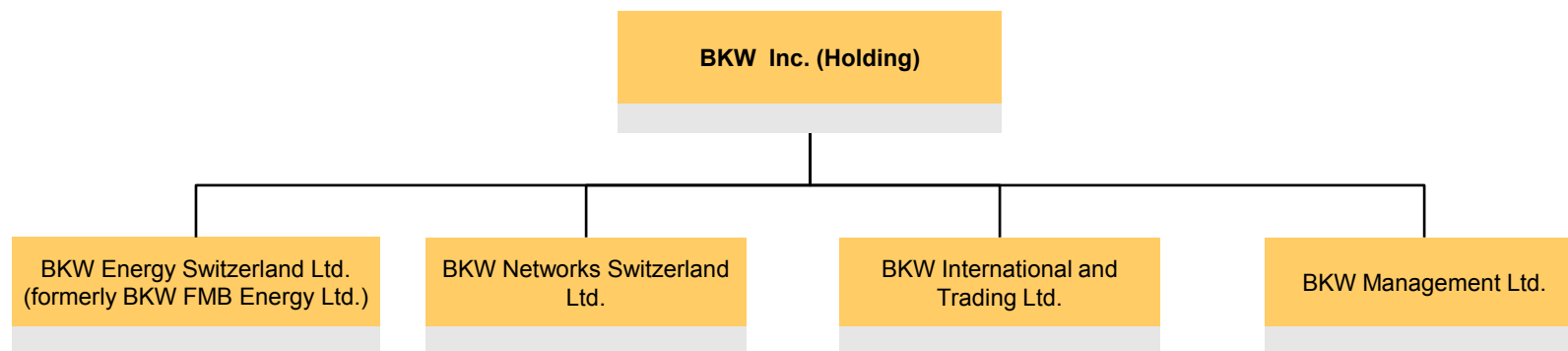
Further development of cooperation and sales platforms is a key element of the BKW strategy.

- Youtility platform with the 1to1 energy brand.
 - More than 130 regional energy providers already use the platform.
 - Expansion to Eastern Switzerland via Abonax AG (18 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.



Introduction of a holding structure

- BKW intends to introduce a holding structure. In the Q4/2011 a public swap offer will be issued for a 1:1 exchange of BKW FMB Energy Ltd. shares in return for shares in the new holding company, BKW Inc.
- In the longer term, once the holding structure is launched, the business activities of today's BKW FMB Energy Ltd. will be divided among legally autonomous Group subsidiaries.



Example only: final structure to be defined

- Our business
- Strategy
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Income Statement – Operating Result

- Operating revenue fell by 2.1% to CHF 1,346.4 million. Energy procurement costs declined by 2.2% to CHF 732.9 million.
- Expenses excluding energy procurement increased by 6.8% to CHF 392.7 million, mainly due to costs of around CHF 14 million which are no longer recoverable following the suspension of the general licence application for replacement of nuclear power plants.
- EBITDA fell by 14.3% to CHF 220.8 million, largely due to the reversal in the first half of 2010 of a provision of CHF 28.9 million for onerous contracts for energy procurement in respect of partner plants.
- Depreciation expenses increased year-on-year by CHF 10.5 million to CHF 79.2 million
- At CHF 141.6 million, operating profit (EBIT) was CHF 47.3 million lower than the prior-year figure.

	H1 2011 (CHF m)	Change in %
Operating revenue	1,346.4	-2.1%
Energy procurement	732.9	-2.2%
Expenses excluding energy procurement	392.7	6.8%
EBITDA	220.8	-14.3%
Depreciation and impairment	79.2	15.3%
EBIT	141.6	-25.0%

Business Segments - Overview

H1 2011 (CHF m)	Energy Switzer- land	Energy Inter- national and Trading	Networks	Other	Consoli- dation	Total
Net sales to external customers	594.9	611.0	79.7	0.0	0.0	1,285.6
Net sales to other segments	521.9	459.4	224.4	23.9	-1,229.6	0.00
Net sales	1,116.8	1,070.4	304.1	23.9	-1,229.6	1,285.6
Own work capitalised	1.7	0.4	18.4	0.0	1.7	22.2
Other op. income	41.2	3.8	12.2	56.1	-74.7	38.6
Total operating revenue	1,159.7	1,074.6	334.7	80.0	-1,302.6	1,346.4

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 8.0% to CHF 1,159.7 million.
- Net sales to external customers were up by 1.4% to CHF 594.9 million. Net sales to other segments rose by 14.3% to CHF 521.9 million due to higher internal transfer prices for electricity production.
- EBIT fell by CHF 32.1 million to CHF 66.3 million. Excluding a reversed provision of CHF 28.9 million for onerous energy procurement contracts with partner plants in H1 2010, operating profit fell by CHF 3.2 million.
- Moreover, because the application process for replacement for nuclear power plants was suspended in H1 2011, related costs of approx. CHF 14 million were charged to the income statement. Excluding these effects, EBIT increased due to the absence of costs for charging general ancillary services to power plants with a capacity of 50 MW or more, as well as to a price-related increase in revenue from sales and higher internal charging prices for energy.

	H1 2011 (CHF m)	Change in %
Operating revenue	1,159.7	+8.0%
Net sales external customers (4,138 Gwh)	594.9	+1.4%
Net sales other segments	521.9	+14.3%
EBIT	66.3	-32.6%

Energy International and Trading

- Total operating revenue decreased by 2.0% to 1'074.6 million.
 - Electricity trading fell by 8.6% to CHF 462.3 million.
 - Proprietary trading was up by CHF 18.6 million to CHF 18.2 million
 - Income from energy hedging contributed CHF 16.4 million to the result (introduced in H1 2011)
 - International sales fell by 25.3% to CHF 75.8 million (only Italy)
- Net sales to external customers fell by 7.2% to CHF 611.0 million, while net sales to other segments increased by 5.9% to CHF 459.4 million.
- EBIT was 40.9% lower at CHF 26.2 million, mainly due a reduction in the price difference for base and peak load energy, the weaker euro and higher internal transfer prices for energy.

	H1 2011 (CHF m)	Change in %
Operating revenue	1,074.6	-2.0%
Electricity trading	462.3 (5,475 GWh)	-8.6%
Prop. trading	18.2	-
Energy hedg.	16.4	n.a.
International sales	75.8 (804 GWh)	-25.3%
Net sales external customers	611.0	-7.2%
Net sales other segments	459.4	+5.9%
EBIT	26.2	-40.9%

Networks

- Total operating revenue increased by 3.8% to CHF 334.7 million.
- Net sales to external customers were up 2.6% to CHF 79.7 million, while net sales to other segments rose by 3.5% to CHF 224.4 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 4.6% increase in revenue to CHF 52.5 million.
- EBIT was CHF 2.2 million higher at CHF 55.8 million, among other things due to higher prices for the distribution grid.

	H1 2011 (CHF m)	Change in %
Operating revenue	334.7	+3.8%
Net sales external customers	79.7	+2.6%
Net sales other segments	224.4	+3.5%
EBIT	55.8	+4.1%

Income Statement - Net Profit

- The downward trend on equity markets, higher interest rate costs and the absence of the gains on disposals recorded in the prior year, reduced the financial result by CHF 16.6 million to minus CHF 43.1 million.
- The euro depreciated less dramatically in the first six months of 2011 compared to the first half of 2010, as a result of which currency translation losses were CHF 9.8 million lower at CHF 5.5 million.
- Due to the lower result, income tax expenses fell by CHF 16.9 million to CHF 13.9 million.
- Net income was impacted by the lower operating profit and financial result. Accordingly, profit for the first half of 2011 dropped by CHF 43.9 million to CHF 90.5 million.

	H1 2011 (CHF m)	Change in %
EBIT	141.6	-25.0%
Financial result	-43.1	-62.6%
Income taxes	-13.9	-54.9%
Net profit	90.5	-32.7%

Cash Flow Statement

- Cash flow before the change in net current assets and before income taxes fell by CHF 37.8 million to CHF 175.3 million.
- Mainly due to the lower operating result and the higher figure for income taxes paid, cash flow from operating activities was CHF 13.5 million below the prior-year figure.
- Cash flow from investing activities was CHF 12.4 million lower at CHF 48.3 million as a result of the reduction in current and non-current financial assets. Main investments were in Wilhelmshaven, Fortore and maintenance.
- Cash inflow from financing activities fell by CHF 20.9 million to minus CHF 105.3 million.
- With a increase of 2.1% net, cash and cash equivalents remained virtually unchanged.

	H1 2011 (CHF m)	Change in %
Cash flow before change in net current assets and income taxes paid	175.3	-17.7%
Cash flow from operating activities	137.7	-8.9%
Cash flow from investing activities	48.3	-20.4%
Capex (property, plant, equipment)	-115.3	+0.3%
Equity-valued companies and group companies	-132.7	31.2%
Cash flow from financing activities	-105.3	-16.6%
Net change in cash and cash equivalents	79.0	+2.1%

Balance Sheet

(CHFm)	30.06.2011	31.12.2010
Assets		
Total non-current assets	5,088.6	4,728.2
Total current assets	1,695.5	1,800.2
Assets held for sale	0	41.2
Total assets	6,784.1	6,569.6

(CHFm)	30.06.2011	31.12.2010
Liabilities		
Total shareholders' equity	2,853.9	2'904.7
Total long-term liabilities	3,238.9	2'962.8
Total short-term liabilities	691.3	672.8
Liabilities held for sale	0	29.3
Total liabilities and shareholders' equity	6,784.1	6,569.6

- Equity ratio stands at 42.1% (2010: 44.2%).

Balance Sheet – Provisions

Provisions for nuclear waste disposal and decommissioning (CHF 1,166 m)

H1 2011 (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 30.06.2011	543	1.203	143	1,889
Provisions paid as per 30.06.2011	0	-657	-66	-723
Net provisions as per 30.06.2011	543	546	77	1,166

Financial assets

Two state funds of around CHF 0.6 billion cover the future cost of nuclear waste disposal and plant decommissioning.

Balance Sheet – Net Debt

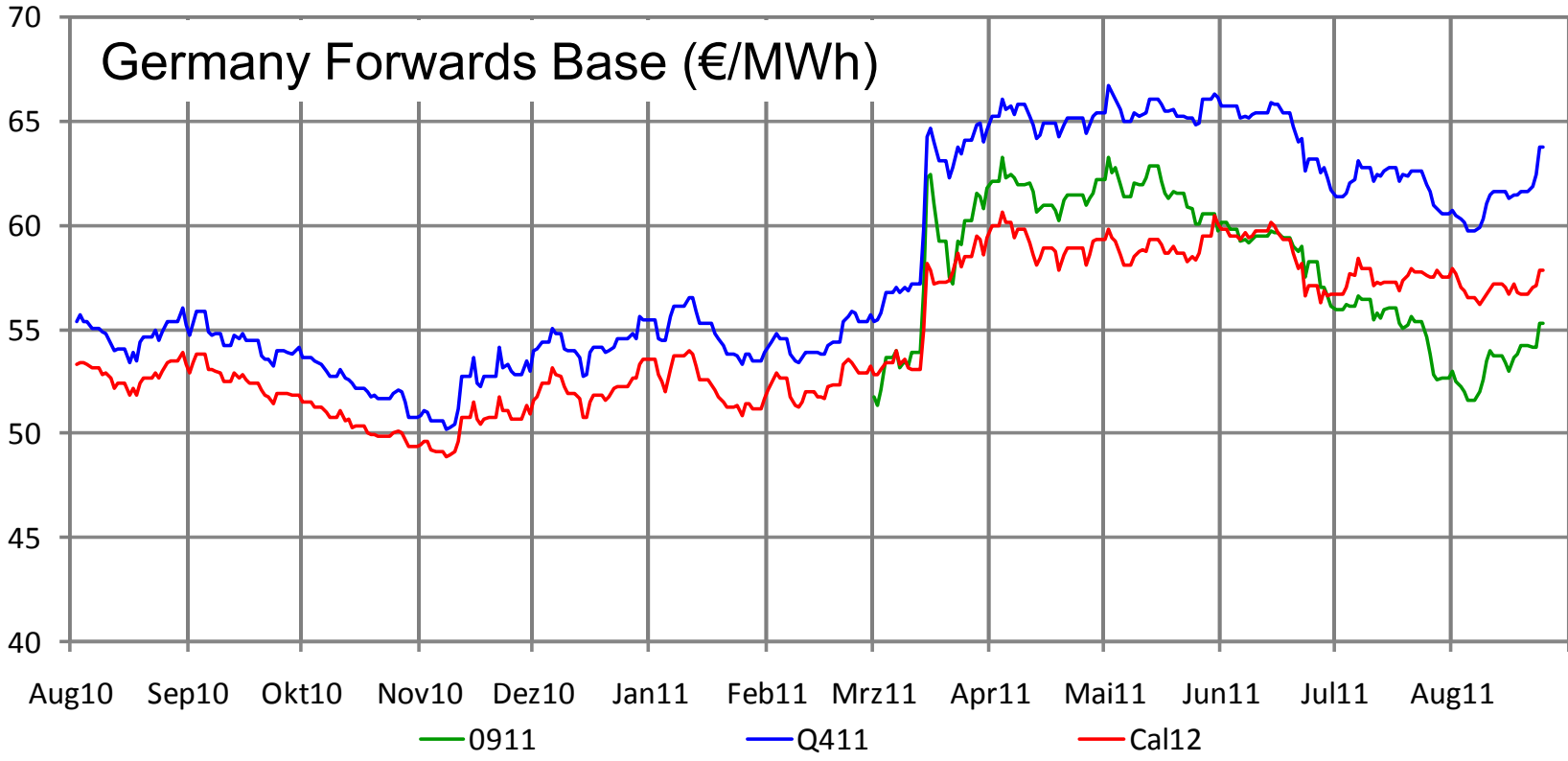
Total outstanding bonds (1 bn.)

- CHF 150 mill. matures on 15.10.2018
- CHF 350 mill. matures on 29.07.2019
- CHF 200 mill. matures on 27.04.2022
- CHF 300 mill. matures on 15.10.2030

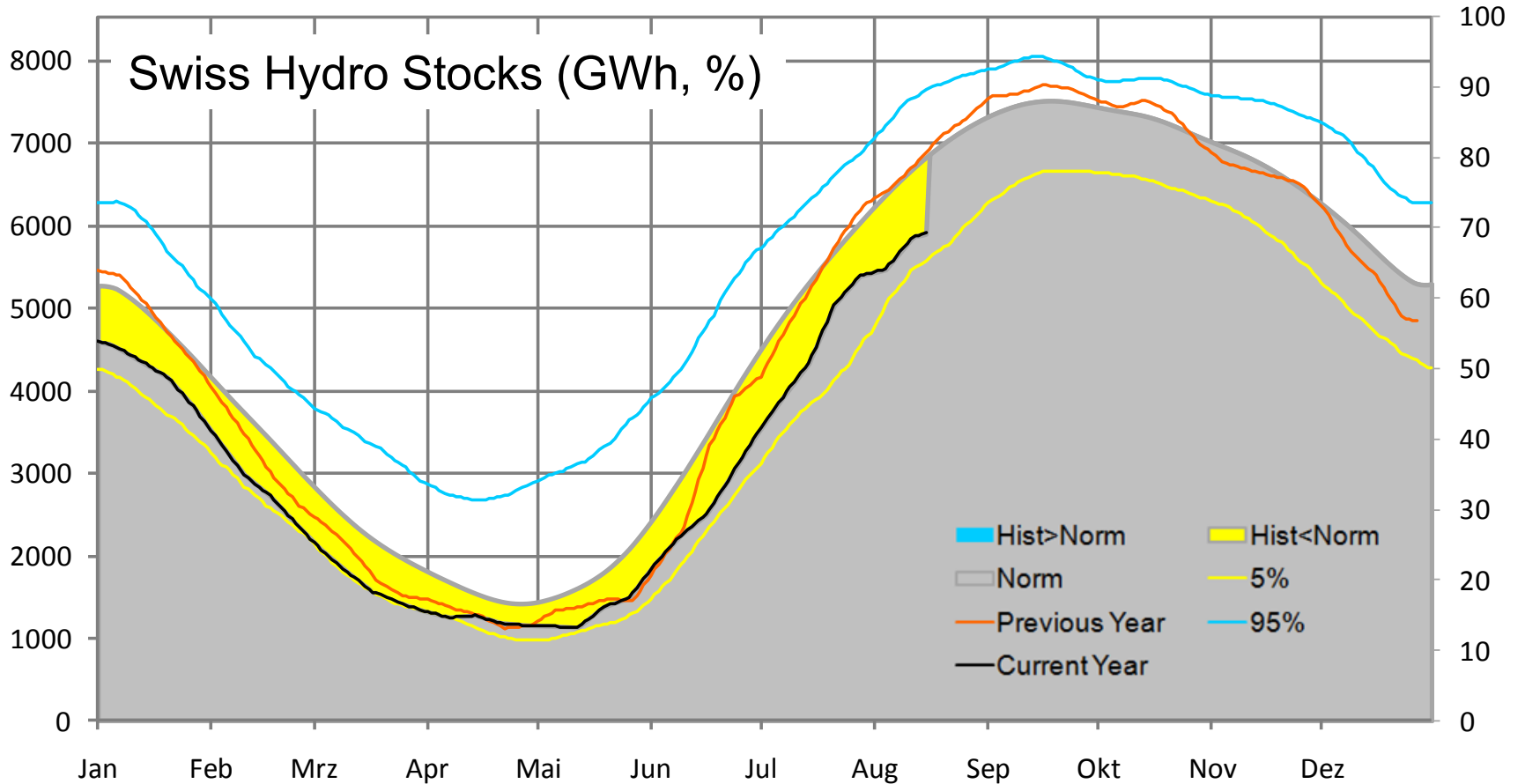
Net debt	H1 2011 (CHF m)
Cash and cash equivalents	511.7
Current financial assets	304.7
Non-current financial assets	1,090.8
Total financial assets	1,907.2
Long-term provisions	-1,150.6
Short-term debts	-13.0
Long-term debts	-1,213.6
Total debt	2,377.2
Net debt	-470.0

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Wholesale price for electricity



Swiss water reservoirs



Ongoing ECom proceedings

Proceeding	Opened	ECom decision / proceeding status
Costs & tariffs 2009 Grid level 1 (Basis for the other proceedings for grid level 1)	July 2008	ECom* Decision: March 2009 BKW appeal: April 2009 FAC**-Decision: Nov. 2010 BKW-Appeal: Jan. 2011 FC*** Decision: open
Costs & tariffs 2010 Grid level 1	June 2009	ECom* Decision: March 2010 BKW appeal: April 2010 FAC**-Decision: open
Costs & tariffs 2009 + 2010 Grid level 2-7 and energy (basic service clients)	Sept. 2009	ECom Decision Grid (OPEX): April 2011 ECom Decision Grid (Capital costs): pending ECom Decision Energy: pending
WACC reduction		ECom* Decision: April 09 BKW appeal: May 09 FAC-Decision**: Dec. 2010 BKW appeal: Jan. 2011 FC-Decision***: open
Costs & tariffs 2011 Grid level 1	June 2010	ECom*-Decision: Nov. 2010 BKW appeal: Dec. 2010 FAC**: open
Costs & tariffs 2012 Grid level 1	June 2011	ECom- Decision: open

* ECom: Electricity Commission

** FAC: Federal Administrative Court

FC***: Federal Court

Investment programmes

BKW aims to invest up to CHF 2 billion by 2015

- Maintenance approx. CHF 150 million per annum
- Coal-fired power plants (Germany):
Wilhelmshaven EUR 430 million (EUR 336 million paid by the end of June 2011)
- Gas-fired combined cycle power plants (Italy):
Tamarete EUR 45 million (EUR 42 million paid by the end of June 2011)
- Hydro power plants (mainly Switzerland):
around CHF 0.2 billion
- Projects for renewable energy (Switzerland):
around CHF 0.3 billion
- Projects for renewable energy (Germany & Italy):
around CHF 0.5 billion
- Refitting Mühleberg
cost to be defined

2011 Outlook

Weak second half-year drags down 2011 results

BKW expects to close the current financial year with revenue on a par with the prior-year figure.

The difficult environment, marked by sustained low energy prices on international markets and the strong Swiss franc, regulatory requirements and the longer interruption to KKM operations, will exert an additional strain on the operating results for the second half-year, as a result of which the second half of 2011 will close with significantly weaker results than the period under review. Taking all these factors into account, operating profit before depreciation, amortisation and impairment (EBITDA) for 2011 – adjusted for the special effect related to reversal of the provision for onerous energy procurement contracts for partner plants in 2010 – is expected to fall clearly below the prior-year figure.

Assuming that the difficult situation on financial markets will persist, the financial result will be weighed down even more and, taking into account the aforementioned special effect, 2011 is expected to close with significantly lower net profit than in 2010.

Financial Calendar

- Advance information on 2011 annual results 23 February 2012
- Publication of 2011 Annual Results 20 March 2012
- Annual General Meeting 11 May 2012
- Dividend Payment 21 May 2012
- Publication of 2012 Interim Results 13 September 2012

For further information, please contact:

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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.