

## INTERIM REPORT JANUARY – SEPTEMBER 2010

# 3/10

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- Operating profit rose 65.4% to SEK 5,829 million (3,524) for the third quarter and 11.9% to SEK 24,907 million (22,265) for the nine-month period. Excluding items affecting comparability, operating profit for the nine-month period rose 36.3% to SEK 30,220 million (22,177)
- Profit (after tax) rose 181.2% to SEK 1,749 million (622) for the third quarter, but decreased by 5.4% for the nine-month period to SEK 10,721 million (11,338). Excluding items affecting comparability, profit for the nine-month period (after tax) rose 42% to SEK 15,986 million (11,258)

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## Financial calendar

Interim report January—March  
29 April 2010

Interim report January—June  
29 July 2010

Interim report January—September  
28 October 2010

Year-end report 2010  
10 February 2011

## Annual General Meeting

27 April 2011, in Stockholm

## For enquiries, please contact

Øystein Løseth, President and CEO,  
tel. +46-8-739 50 05

Klaus Aurich, Head of Investor Relations,  
tel. +46-8-739 65 14, or +46-70 539 65 14

All comparison figures in this report pertain to the third quarter of 2009, unless indicated otherwise.

Cover photo: Vattenfall's Forsmark nuclear power plant in Sweden; close-up of reactor core.

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# STRONG THIRD QUARTER

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- Operating profit rose 65.4% to SEK 5,829 million (3,524) for the third quarter and 11.9% to SEK 24,907 million (22,265) for the nine-month period. Excluding items affecting comparability<sup>1</sup>, operating profit for the nine-month period rose 36.3% to SEK 30,220 million (22,177)
- Profit (after tax) rose 181.2% to SEK 1,749 million (622) for the third quarter, but decreased by 5.4% for the nine-month period to SEK 10,721 million (11,338). Excluding items affecting comparability, profit for the nine-month period (after tax) rose 42% to SEK 15,986 million (11,258)

<sup>1</sup> Items affecting comparability, net, amounted to SEK -5,313 million (+88) for the period January–September, of which SEK -5,144 million is attributable to the sale of Vattenfall's transmission business, which was completed in May. During the third quarter, items affecting comparability amounted to SEK -79 million (+9).

**Third quarter 2010 – net sales, profit, cash flow and debt**  
The third quarter is the first quarter in which the corresponding quarter in 2009 includes Nuon.

Consolidated net sales decreased by 16.9% to SEK 37,665 million (45,346), which is mainly attributable to the sale of the German transmission business, 50Hertz Transmission GmbH, which was completed in May 2010, and currency movements of SEK -4.2 billion resulting from the stronger Swedish krona. Operating profit rose 65.4% to SEK 5,829 million (3,524). Profit before depreciation and amortisation (EBITDA) rose 18.0% to SEK 10,764 million (9,123). The increase in operating profit is mainly attributable to lower fuel costs, lower operating and maintenance expenses, lower depreciation and lower sales and administration costs. Vattenfall's electricity generation increased by 1.3 TWh to 36.8 TWh (35.5), mainly as a result of higher nuclear power generation in Sweden.

Lower electricity prices achieved had a negative effect on consolidated operating profit by approximately SEK 1.6 billion. Higher prices achieved in the Nordic operations

were offset by lower prices achieved in Continental Europe. A large share of Vattenfall's generation is hedged through contracts previously entered into in the futures market. Currency movements affected operating profit negatively by SEK 0.4 billion.

Profit for the period (after tax) rose 181.2% to SEK 1,749 million (622). Return on equity was 9.3%, and the return on net assets was 9.2% (last 12-month values). Vattenfall's long-term required rate of return on equity is 15% over a business cycle (5–7 years). The target return on net assets is 11%. The cash flow interest coverage ratio after maintenance investments was 3.9 on a last 12-month basis, which is within the target interval of 3.5–4.5.

Funds from operations (FFO) increased by 73.6% to SEK 6,939 million (3,997). Net debt decreased by SEK 5,916 million from 30 June 2010, to SEK 145,155 million, mainly as a result of the stronger Swedish krona. The net debt/equity ratio was 107.0% at 30 September 2010 (30 June 2010: 107.7%). For detailed information about net debt, see page 21. The Group's total investments amounted



*“During the quarter we launched our new strategic direction and are now taking the next step in the company's development. Our goal is to strengthen the balance sheet, increase profits and value, and prepare Vattenfall for further growth in the future. Compared with a year ago, Vattenfall is reporting a strong earnings improvement for the third quarter.”*

Øystein Løseth  
President and CEO

to SEK 11,281 million (68,466). For more information about investment activities, see page 7.

The operations of N.V. Nuon Energy (Nuon), which are consolidated in the Vattenfall Group since 1 July 2009, contributed SEK 640 million to operating profit during the third quarter of 2010 (SEK 3,000 million for the period January–September). Excluding amortisation of surplus value, Nuon contributed SEK 1,597 million (SEK 4,942 million for the period January–September). Nuon's wind power operations are part of the Wind business unit of Business Group Pan Europe (see page 11), and its energy trading operations are part of Supply & Trading (see page 15). Nuon's other operations – conducted in the business units Exploration & Production; Power, Heat & Services; and Sales – are included in Business Group Benelux (see page 14).

Following is a breakdown of operating profit for Vattenfall's operating segments during the third quarter of 2010:

- Operating profit for Business Group Pan Europe increased by SEK 873 million to SEK 621 million.
- Operating profit for Business Group Nordic increased by SEK 877 million to SEK 2,516 million.
- Operating profit for Business Group Central Europe decreased by SEK 59 million to SEK 2,548 million.
- Operating profit for Business Group Benelux decreased by SEK 24 million to SEK –403 million.
- Operating profit for Supply & Trading increased by SEK 766 million to SEK 624 million.
- Operating profit for the segment Other decreased by SEK 128 million to SEK –77 million.

For detailed information on the Group's operating segments, see pages 11–15.

#### **Electricity generation, sales of heat and gas in Q3 2010**

Vattenfall's electricity generation increased by 3.7% to 36.8 TWh (35.5). Hydro power generation increased by 5.3% to 7.9 TWh (7.5). Nuclear power generation increased by 18.8% to 9.5 TWh (8.0), fossil-based power decreased by 4.1% to 18.7 TWh (19.5), and wind power generation increased

from 0.4 TWh to 0.5 TWh. Electricity generation based on biomass and waste amounted to 0.2 TWh (0.2). Sales of heat increased by 13.5% to 4.2 TWh (3.7). Sales of gas increased to 6.0 TWh (5.3). For more information, see page 8.

#### **Electricity prices**

Compared with the third quarter of 2009, the average spot price on Nord Pool was 47% higher (EUR 45.90/MWh, compared with EUR 31.28/MWh). The hydrological balance improved during the third quarter to –12.8 TWh in September, from –22.8 TWh in July.

In Germany, the average spot price (EPEX Spot) was 18% higher than the corresponding quarter in 2009 (EUR 43.83/MWh, compared with EUR 37.06/MWh). In the Netherlands, the average spot price was 24% higher (EUR 44.61/MWh, compared with EUR 36.04/MWh).

Futures prices fell slightly in the Nordic countries as well as in Germany and the Netherlands. Futures prices for the 2011 and 2012 contracts in the Nordic market closed at the end of the quarter at EUR 45.59/MWh and EUR 42.75/MWh, respectively. In Germany, the corresponding contracts closed at EUR 49.92/MWh and EUR 51.88/MWh, respectively, while in the Netherlands the corresponding contracts closed at EUR 50.02/MWh and EUR 51.05/MWh, respectively. CO<sub>2</sub> emission allowances were traded at prices that were roughly 4% higher than during the third quarter of 2009. For further information and price charts, see page 9.

#### **Group, January–September 2010**

Net sales rose 12.9% to SEK 158,035 million (140,002). Currency movements affected net sales negatively by approximately SEK 8.8 billion. Operating profit rose 11.9% to SEK 24,907 million (22,265). Excluding items affecting comparability, operating profit rose 36.3% to SEK 30,220 million (22,177). Items affecting comparability amounted to SEK –5,313 million, net, of which SEK –5,144 million (EUR 531 million) pertains to an impairment charge that was taken during first quarter for Vattenfall's German transmission business. The sale of the transmission business

was completed on 19 May 2010. The sum of items affecting comparability also includes a capital loss of SEK 93 million, which corresponds to the earned profit that accrued to the buyer of the transmission business. Currency movements had a negative impact on operating profit by SEK 0.8 billion. Profit for the period after tax decreased by 5.4% to SEK 10,721 million (11,338); excluding items affecting comparability, profit for the period after tax rose 42.0% to SEK 15,986 million (11,258). Funds from operations (FFO) increased by 12.3% to SEK 28,438 million (25,325). Net debt decreased by SEK 9,832 million to SEK 145,155 million compared with 31 December 2009.

Electricity generation increased by 9.5% to 126.1 TWh (115.2). Hydro power generation increased by 4.8% to 26.0 TWh (24.8), nuclear power generation decreased by 0.3% to 32.4 TWh (32.5), fossil-based generation increased by 16.0% to 65.2 TWh (56.2), and wind power generation increased to 1.3 TWh (1.0). Sales of heat increased by 16.4% to 28.4 TWh (24.4). Sales of gas amounted to SEK 41.2 TWh (5.5). For more information, see page 8.

#### **Important events during the third quarter of 2010**

##### **Amendment to Vattenfall's Articles of Association adopted by Extraordinary General Meeting**

At an Extraordinary General Meeting on 23 August, an amendment to Vattenfall's Articles of Association was adopted. For more information, see the press release issued by Vattenfall on the same day.

##### **New strategic direction and new organisational structure**

On 21 September Vattenfall presented a new strategic direction and a new, business-led organisational structure. Vattenfall will continue to be an integrated European company with a broad energy portfolio and with operations in generation, distribution, trading and sales, but will geographically focus on Sweden, Germany and the Netherlands, along with wind power in the UK and Denmark. The company will continue to work with all three of its products: electricity, heat and gas. Opportunities to

## Summary of Vattenfall's consolidated financial performance, cash flow and balance sheet

Amounts in SEK million unless otherwise stated	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Last 12 months
Net sales	37,665	45,346	-16.9	158,035	140,002	12.9	223,440
Operating profit before depreciation and amortisation (EBITDA)	10,764	9,123	18.0	40,207	36,417	10.4	55,567
<b>Operating profit (EBIT)</b>	<b>5,829</b>	<b>3,524</b>	<b>65.4</b>	<b>24,907</b>	<b>22,265</b>	<b>11.9</b>	<b>30,580</b>
<b>Operating profit excl. items affecting comparability</b>	<b>5,908</b>	<b>3,515</b>	<b>68.1</b>	<b>30,220</b>	<b>22,177</b>	<b>36.3</b>	<b>39,337</b>
Financial items, net	-3,261	-2,698	-20.9	-8,292	-7,209	-15.0	-11,287
<b>Profit before tax</b>	<b>2,568</b>	<b>826</b>	<b>210.9</b>	<b>16,615</b>	<b>15,056</b>	<b>10.4</b>	<b>19,293</b>
<b>Profit for the period</b>	<b>1,749</b>	<b>622</b>	<b>181.2</b>	<b>10,721</b>	<b>11,338</b>	<b>-5.4</b>	<b>12,831</b>
- of which, attributable to owners of the Parent Company	1,597	831	92.2	10,420	11,038	-5.6	12,278
- of which, attributable to minority interests	152	-209	-	301	300	0.3	553
Return on equity, %	9.3 <sup>1</sup>	11.0 <sup>1</sup>	-	9.3 <sup>1</sup>	11.0 <sup>1</sup>	-	9.3
Return on net assets, %	9.2 <sup>1</sup>	11.7 <sup>1</sup>	-	9.2 <sup>1</sup>	11.7 <sup>1</sup>	-	9.2
Funds from operations (FFO)	6,939	3,997	73.6	28,438	25,325	12.3	39,813
<b>Cash flow before financing activities</b>	<b>754</b>	<b>-42,143</b>	<b>-</b>	<b>8,085</b>	<b>-36,361</b>	<b>-</b>	<b>7,652</b>
Free cash flow	7,260	7,081	2.5	20,491	21,130	-3.0	26,927
Cash and cash equivalents plus short-term investments	42,855	59,966	-28.5	42,855	59,966	-28.5	
Balance sheet total	528,734	599,283	-11.8	528,734	599,283	-11.8	
<b>Equity incl. minority interests</b>	<b>135,605</b>	<b>137,668</b>	<b>-1.5</b>	<b>135,605</b>	<b>137,668</b>	<b>-1.5</b>	
Capital Securities	9,081	10,128	-10.3	9,081	10,128	-10.3	
Other interest-bearing liabilities	179,263	208,687	-14.1	179,263	208,687	-14.1	
<b>Net debt</b>	<b>145,155</b>	<b>157,317</b>	<b>-7.7</b>	<b>145,155</b>	<b>157,317</b>	<b>-7.7</b>	
Net debt/Operating profit before depreciation and amortisation (EBITDA), times	2.6 <sup>1</sup>	3.3 <sup>1</sup>	-	2.6 <sup>1</sup>	3.3 <sup>1</sup>	-	

1) Last 12-month values.

See pages 30-31 for definitions and calculations of key ratios.

divest businesses and assets that do not support the new strategic direction are being investigated. The aim of these divestments will be to reduce Vattenfall's CO<sub>2</sub> exposure and strengthen the balance sheet in the aim of being able to resume growth in 2-3 years' time. Vattenfall will grow in energy types with low or lower climate impact, such as wind, nuclear, biomass, hydro and natural gas.

Vattenfall has also decided to limit its investment programme for the coming five years (2011-2015) to SEK 165 billion. The 2010-2014 investment programme was worth SEK 201 billion. Further, a cost-cutting programme is being initiated with the aim of reducing annual operating expenses by SEK 6 billion. This will be achieved through cost reductions in purchasing and process improvements in operations and maintenance. Some of the cost reductions will be achieved by reducing the number of employees, where the goal is to do so through natural attrition.

A new business-led organisational structure will take effect

on 1 January 2011. The new organisation will lead to the assumption of greater responsibility, stronger earnings, lower overhead and administrative costs, and a sharper customer focus.

### New Executive Group Management

The new Executive Group Management consists of:

Øystein Løseth – *President and CEO*

Jonas Florinus – *Acting CFO*

Huib Morelisse – *Asset Development*

Tuomo Hatakka – *Production*

Harald von Heyden – *Asset Optimisation and Trading*

Torbjörn Wahlborg – *Distribution and Sales*

Anders Dahl – *Renewables*

Lars Gejrot – *Human Resources*

Elisabeth Ström – *External Relations and Communications*

Andreas Regnell – *Strategy*

### Inauguration of Thanet – the world's largest offshore wind farm

On 23 September Vattenfall inaugurated Thanet – the world's largest offshore wind farm offshore England's south-east coast. The wind farm comprises 100 turbines and has a capacity of 300 MW.

### Lifetime extension of German nuclear power and new tax on nuclear fuel

The German government has decided to extend the lifetime of Germany's nuclear power plants by an average of 12 years. The decision was coupled with the introduction of a nuclear fuel tax and an obligation for nuclear power operators to make payments to an investment fund for renewable energy projects. For more information, see page 11.

## Sales, profit and cash flow

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %
<b>Net sales</b>	<b>37,665</b>	<b>45,346</b>	<b>-16.9</b>	<b>158,035</b>	<b>140,002</b>	<b>12.9</b>

**Comment:** Total net sales for the third quarter decreased by approximately SEK 7.7 billion compared with the same period in 2009. Net sales for Business Group Central Europe decreased by SEK 9.2 billion, which is mainly attributable to the divestment of 50Hertz Transmission GmbH (SEK 9.3 billion), which was sold in May 2010, and to the stronger Swedish krona. Net sales for Business Group Benelux decreased by SEK 0.8 billion, partly due to the stronger Swedish krona. Business Group Nordic reported an increase in net sales by SEK 1.5 billion, which can be credited to higher prices and volumes of electricity sales. In total, currency effects on net sales were negative by approximately SEK 4.2 billion as a result of the stronger Swedish krona compared with the same quarter in 2009.

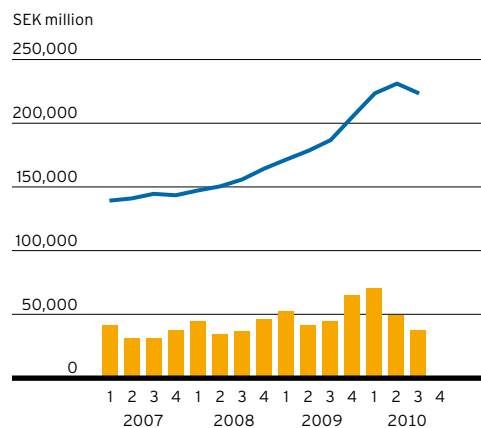
Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %
<b>Cost of products sold</b>	<b>27,271</b>	<b>37,101</b>	<b>-26.5</b>	<b>114,486</b>	<b>106,571</b>	<b>7.4</b>

**Comment:** Of the total decrease, SEK 9.6 billion is attributable to the divestment of 50Hertz Transmission GmbH, which was sold in May 2010. Operating and maintenance expenses decreased by SEK 2.0 billion, which is partly attributable to the stronger Swedish krona.

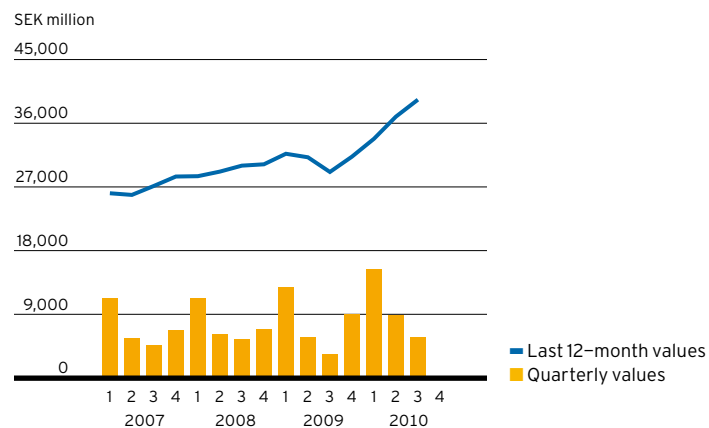
Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %
<b>Operating profit</b>	<b>5,829</b>	<b>3,524</b>	<b>65.4</b>	<b>24,907</b>	<b>22,265</b>	<b>11.9</b>
<b>Operating profit excl. items affecting comparability</b>	<b>5,908</b>	<b>3,515</b>	<b>68.1</b>	<b>30,220</b>	<b>22,177</b>	<b>36.3</b>

**Comment:** Operating profit improved by SEK 2,305 million. Lower fuel costs, operating expenses, maintenance expenses and depreciation made a combined positive contribution of approximately SEK 2.5 billion. Lower sales and administration costs contributed approximately SEK 1 billion. Lower average electricity prices achieved had a negative impact of approximately SEK 1.6 billion. Currency movements had a net impact of SEK -0.4 million on operating profit.

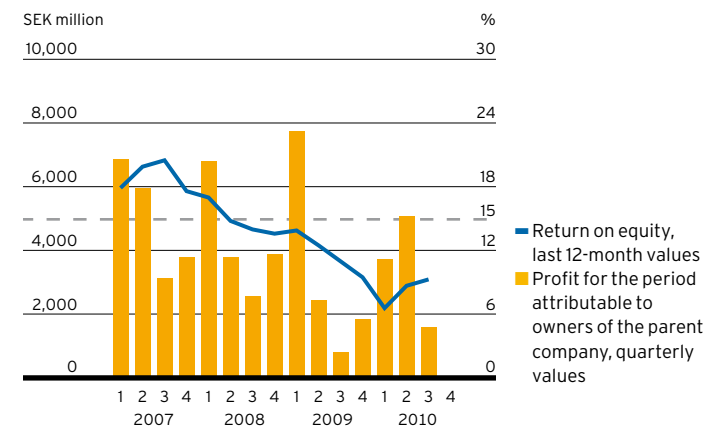
### Net sales



### Operating profit, excl. items affecting comparability



### Return on equity incl. items affecting comparability/ Profit for the period



Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %
<b>Funds from operations (FFO)</b>	<b>6,939</b>	<b>3,997</b>	<b>73.6</b>	<b>28,438</b>	<b>25,325</b>	<b>12.3</b>
<b>Cash flow from changes in operating assets and operating liabilities (working capital)</b>	<b>4,832</b>	<b>7,154</b>	<b>-32.5</b>	<b>2,899</b>	<b>7,791</b>	<b>-62.8</b>
<b>Cash flow from operating activities</b>	<b>11,771</b>	<b>11,151</b>	<b>5.6</b>	<b>31,337</b>	<b>33,116</b>	<b>-5.4</b>

**Comment:** Compared with the third quarter of 2009, funds from operations (FFO) increased by SEK 2.9 billion, mainly due to an improved profit and effects from other items such as unrealised gains from derivatives and paid financial items.

Changes in working capital affected cash flow by SEK 4.8 billion. An increase in inventories had a negative impact on cash flow (SEK -1.2 billion). This was offset by a decrease in operating receivables and an increase in operating liabilities (SEK 8.1 billion). Other changes, mainly the receipt of margin calls, affected cash flow by SEK -2.1 billion.

Since the first quarter of 2010, changes in working capital include bilateral margin calls from Credit Support Annexes (CSAs). Previously these were reported in cash flow from financing activities. Bilateral margin calls resulting from CSAs affected working capital by SEK -1.1 billion during the third quarter and by SEK 7.7 billion during quarters 1-3 of 2010. The corresponding figures for 2009 were SEK -1.2 billion and SEK -3.4 billion, respectively. However, in the table above and in the statement of cash flows on page 22, the figures for 2009 have not been adjusted retrospectively.

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %
<b>Net financial items</b>	<b>-3,261</b>	<b>-2,698</b>	<b>-20.9</b>	<b>-8,292</b>	<b>-7,209</b>	<b>-15.0</b>
<b>Interest income from financial investments</b>	<b>304</b>	<b>245</b>	<b>24.1</b>	<b>833</b>	<b>899</b>	<b>-7.3</b>
<b>Interest expenses from loans</b>	<b>-1,593</b>	<b>-1,960</b>	<b>18.8</b>	<b>-4,847</b>	<b>-4,989</b>	<b>2.8</b>
<b>Interest received</b>	<b>230</b>	<b>53</b>	<b>334.0</b>	<b>667</b>	<b>718</b>	<b>-7.1</b>
<b>Interest paid</b>	<b>-1,097</b>	<b>-2,407</b>	<b>54.4</b>	<b>-4,012</b>	<b>-6,110</b>	<b>34.3</b>
<b>Average net interest income/expense per month</b>	<b>-429</b>	<b>-572</b>		<b>-446</b>	<b>-454</b>	

**Comment:** The deterioration of financial items during the third quarter of 2010 is mainly attributable to lower market values of derivatives. This decline was offset by lower interest expenses for loans. The lower interest expenses are the result of lower average interest rates and the stronger Swedish krona.

## Financial position

Amounts in SEK million	30 September 2010	30 September 2009	Change %
<b>Cash and cash equivalents, and short-term investments</b>	<b>42,855</b>	<b>59,966</b>	<b>-28.5</b>
Committed credit facilities (unutilised)	9,260	10,335	-10.4
Other credit facilities (unutilised)	8,101	10,222	-20.7

**Comment:** The decrease in Cash, cash equivalents and short-term investments is attributable to, among other things, a reclassification in Q1 2010 of the Credit Support Annex receivable from "Short-term investments" to "Advances to suppliers" (SEK -14.1 billion) and to exchange rate differences (SEK -2.3 billion).

Committed credit facilities consist of a EUR 1 billion Revolving Credit Facility that expires on 23 February 2013 and a SEK 100 million bank overdraft facility that expires in December 2010. Vattenfall's target is to have no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities, in the form of liquid assets or committed credit facilities.

Amounts in SEK million	30 September 2010	30 September 2009	Change %
<b>Net debt</b>	<b>145,155</b>	<b>157,317</b>	<b>-7.7</b>
<b>Interest-bearing liabilities</b>	<b>188,344</b>	<b>218,815</b>	<b>-13.9</b>
Average interest rate, % <sup>1</sup>	3.4	3.5	-2.9
Duration, years <sup>1</sup>	4.5	4.0	12.5
Average time to maturity, years <sup>1</sup>	6.6	7.4	-10.8

1) Excluding Capital Securities and loans from minority owners and associated companies. Including SEK 9,081 million in Capital Securities, the average interest rate is 3.5%, the duration is 4.5 years, and the average time to maturity is 6.5 years. These values pertain to 30 September 2010.

**Comment:** Compared with 30 September 2009, net debt decreased by SEK 12,162 million, and total interest-bearing liabilities decreased by SEK 30,472 million. Exchange rate differences accounted for SEK 17.2 billion of the decrease in total interest-bearing liabilities. Exchange rate differences have no significant impact on profit, since the largest share is reported as translation differences in equity - "hedges of net investments in foreign operations" - and the rest is swapped to SEK.

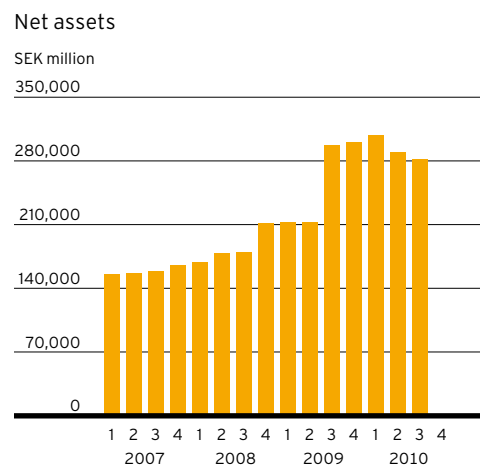
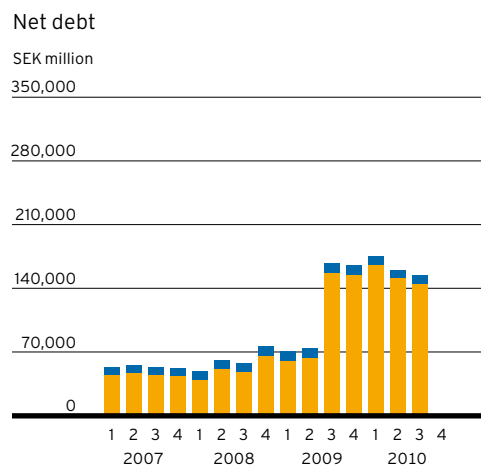
Compared with 31 December 2009, net debt decreased by SEK 9,832 million.

Amounts in SEK million	30 September 2010	30 September 2009	Change %
<b>Equity attributable to</b>			
Owners of the Parent Company	128,953	130,870	-1.5
Minority interests	6,652	6,798	-2.1
<b>Total</b>	<b>135,605</b>	<b>137,668</b>	<b>-1.5</b>

**Comment:** Changes in equity are specified on page 23.

## Credit ratings

The current ratings for Vattenfall's long-term borrowing are A (Standard & Poor's) and A2 (Moody's). Vattenfall's rating outlook is "negative" from Standard & Poor's and "stable" from Moody's.



■ Capital Securities  
■ Quarterly values



## Investments

Amounts in SEK million	Q3 2010	Q3 2009	Change %
Maintenance investments	4,511	4,070	10.8
Growth investments	6,770	64,396	-89.5
– of which, shares	37	56,133	-99.9
<b>Total investments</b>	<b>11,281</b>	<b>68,466</b>	<b>-83.5</b>

**Comment:** The item “shares” in Q3 2009 mainly includes the acquisition of shares in Dutch energy group N.V. Nuon Energy. The item “Growth investments” for Q3 includes the Thanet wind farm, which was inaugurated in September 2010.

## Specification of investments

Amounts in SEK million	Q3 2010	Q3 2009	Change %
<b>Electricity generation</b>			
Hydro power	198	350	-43.4
Nuclear power	1,144	962	18.9
Fossil-based power	3,627	2,282	58.9
Wind power	2,504	2,047	22.3
Biomass, waste	271	18	1371.4
Other	543	1,016	-46.5
<b>Total Electricity generation</b>	<b>8,287</b>	<b>6,677</b>	<b>24.1</b>
<b>Heat</b>			
Fossil-based power	610	384	58.9
Biomass, waste	164	327	-49.9
Other	151	292	-48.2
<b>Total Heat</b>	<b>925</b>	<b>1,003</b>	<b>-7.7</b>
<b>Electricity networks</b>			
Electricity networks	937	1,460	-35.8
Other			
<b>Total Electricity networks</b>	<b>937</b>	<b>1,460</b>	<b>-35.8</b>
<b>Acquisitions of shares</b>	<b>37</b>	<b>56,133</b>	<b>-99.9</b>
Other, excl. shares	1,099	3,194	-65.6
<b>Total</b>	<b>11,281</b>	<b>68,466</b>	<b>-83.5</b>

**Comment:** Investments in electricity generation increased by SEK 1,610 million over the third quarter of 2009. Fossil-based power includes major investment projects, such as the Boxberg combined heat and power plant and the Moorburg power plant in Germany, and the Eemshaven gas-fired power plant in the Netherlands.

## Divestments

Amounts in SEK million	Q3 2010	Q3 2009	Change %
Divestments	259	268	-3.4
– of which, shares	34	121	-71.9

## Employees

Number of employees, full-time equivalents	30 September 2010	30 September 2009	Change %
Business Group Pan Europe	5,799	5,666	2.3
Business Group Nordic	5,334	5,630	-5.3
Business Group Central Europe	20,586	21,694	-5.1
Business Group Benelux	5,576	6,025	-7.5
Vattenfall Energy Trading	418	343	21.9
Other	725	717	1.1
<b>Total</b>	<b>38,438</b>	<b>40,075</b>	<b>-4.1</b>

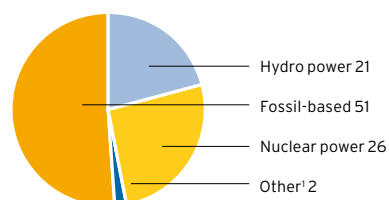
**Comment:** The decrease in Business Group Central Europe is mainly attributable to the sale of Wemag AG and 50Hertz Transmission GmbH. The increase in Business Group Pan Europe is mainly attributable to safety enhancement measures in the nuclear power operations and organic growth in wind power.

## Electricity generation, sales of heat and gas

	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Full year 2009
<b>Electricity generation, TWh</b>							
Hydro power	7.9	7.5	5.3	26.0	24.8	4.8	33.9
Nuclear power	9.5	8.0	18.8	32.4	32.5	-0.3	41.5
Fossil-based power	18.7	19.5	-4.1	65.2	56.2	16.0	80.4
Wind power	0.5	0.4	25.0	1.3	1.0	30.0	1.7
Biomass, waste	0.2	0.2	0.0	1.1	0.7	57.1	1.4
<b>Total</b>	<b>36.8</b>	<b>35.5</b>	<b>3.7</b>	<b>126.1</b>	<b>115.2</b>	<b>9.5</b>	<b>158.9</b>
<b>Sales of heat, TWh</b>							
Business Group Nordic	1.0	0.9	11.1	8.5	7.3	16.4	11.1
Business Group Central Europe	3.0	2.7	11.1	18.8	17.0	10.6	26.3
Business Group Benelux	0.2	0.1	100.0	1.1	0.1	-	0.6
<b>Total</b>	<b>4.2</b>	<b>3.7</b>	<b>13.5</b>	<b>28.4</b>	<b>24.4</b>	<b>16.4</b>	<b>37.9</b>
<b>Sales of gas, TWh</b>							
Business Group Nordic	0.0	0.0	-	0.1	0.1	-	0.2
Business Group Central Europe	0.0	0.0	-	0.0	0.1	-	0.2
Business Group Benelux	6.0	5.3	13.2	41.1	5.3	-	19.7
<b>Total</b>	<b>6.0</b>	<b>5.3</b>	<b>13.2</b>	<b>41.2</b>	<b>5.5</b>	<b>-</b>	<b>20.1</b>

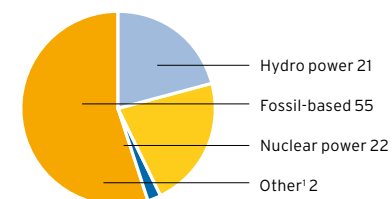
Rounding differences of 0.1 TWh exist on certain items.

Electricity generation, Q3 2010, %



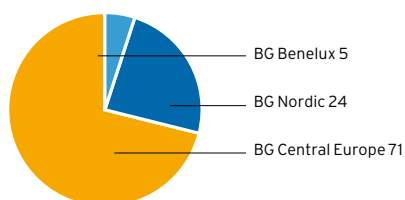
1) Wind power, biomass and waste.

Electricity generation, Q3 2009, %

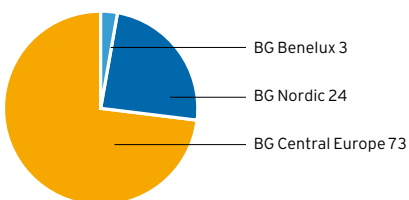


1) Wind power, biomass and waste.

Heat sales, Q3 2010, %



Heat sales, Q3 2009, %



## Electricity generation

Vattenfall's total electricity generation increased by 3.7% during the third quarter, to 36.8 TWh. Hydro power generation increased by 5.3%, and nuclear power generation increased by 18.8%. The increase in nuclear power generation is attributable to the Swedish nuclear power plants. The Brunsbüttel nuclear power plant in Germany is still off line, which was also the case during the third quarter of 2009. The outage at the 50%-owned Krümmel nuclear power plant in Germany did not affect consolidated volumes, since the plant is not consolidated in Vattenfall's accounts. Fossil-based electricity generation decreased by 4.1%.

## Sales of heat

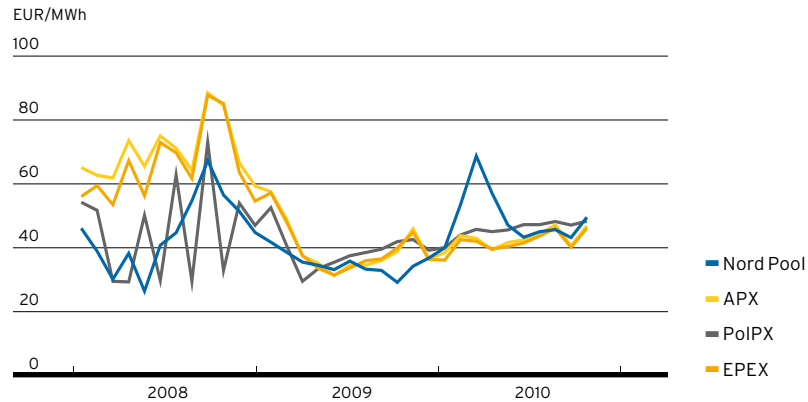
Sales of heat increased by 13.5% to 4.2 TWh. The increase is due to cooler weather during the late summer of 2010 compared with 2009.

## Sales of gas

Sales of gas increased by 13.2% to 6.0 TWh. Essentially all sales of gas are in Business Group Benelux.

## Wholesale price trend

Nordic, German, Polish and Dutch electricity spot prices 2008–2010, monthly averages



### Electricity spot prices in the Nordic countries, Germany, Poland and the Netherlands

Spot prices are beginning to recover following the sharp price decline in late 2008 and early 2009.

Average spot prices during the third quarter in the Nordic countries were 47% higher than in the same period in 2009 (EUR 45.90/MWh, compared with EUR 31.28/MWh). The hydrological balance improved during the third quarter, from –22.8 TWh at the end of July to –12.8 TWh at the end of September.

Average spot prices in Germany were 18% higher than in the same period a year ago. German spot prices – at EUR 43.83/MWh – were the lowest among Vattenfall's markets. Spot prices in the Netherlands followed the movement in German spot prices and were 24% higher than a year ago. Average spot prices in Poland were 20% higher than in the third quarter of 2009, and at EUR 47.68/MWh they were the highest among Vattenfall's markets. The economic recovery and low temperatures benefited the price trend in Continental Europe.

Nordic, German and Dutch electricity futures prices

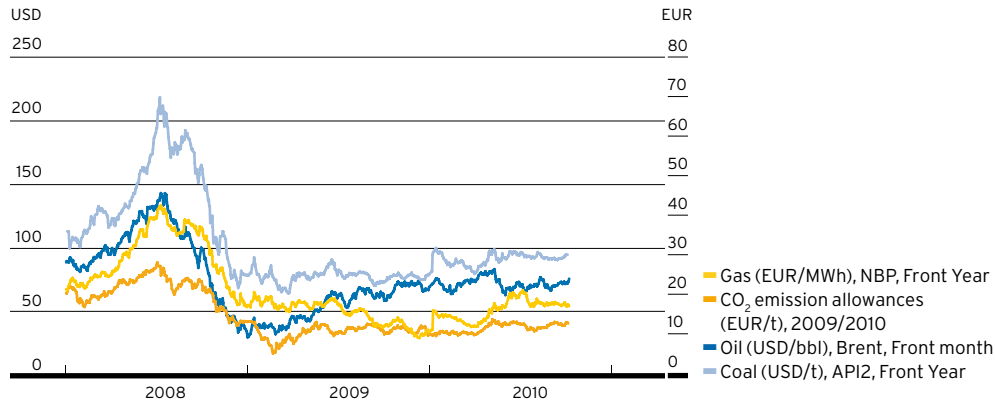


### Electricity futures prices in the Nordic countries, Germany and the Netherlands

Electricity futures prices in Vattenfall's markets traded at a level that was 3% lower than the preceding quarter. The spread between the closing prices for the 2011 and 2012 forward contracts decreased. The Nordic forward contracts for 2011 and 2012 traded at levels that were 3% and 2% lower, respectively, than the preceding quarter.

German electricity futures prices for 2011 and 2012 were 2% and 3% lower, respectively, than the corresponding period a year ago. The Dutch forward contracts were 1% and 2% lower for 2011 and 2012, respectively. In general, activity was low in the futures market, as there is still uncertainty regarding the future trend in demand among the market participants.

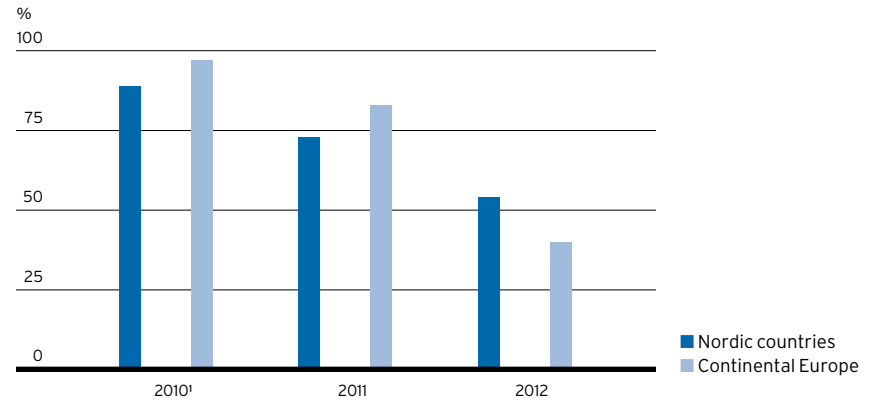
### Price trend for oil, coal, gas and CO<sub>2</sub> emission allowances



### Price trend for oil, coal, gas and CO<sub>2</sub> emission allowances

Commodity prices rose compared with the same period a year ago. The trend of rising gas prices was broken at the end of the second quarter. Despite this, gas prices during the third quarter were 20% higher than in the same period a year ago. Coal prices rose 18% over the third quarter of 2009. Oil prices were relatively unaffected by the 2010 hurricane season and traded at an 11% higher level than in the third quarter of 2009. The price of CO<sub>2</sub> emission allowances rose slightly during the quarter and was 4% higher than the same period a year ago.

### Vattenfall's degree of price hedging in various markets per 30 September 2010



1) Remaining months.

### Vattenfall's degree of price hedging

The chart above shows Vattenfall's price hedging of planned electricity generation in the Nordic countries and Continental Europe. Vattenfall continuously hedges its electricity generation through sales in the futures market.

## The Group's operating segments

### Business Group Pan Europe

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1–Q3 2010	Q1–Q3 2009	Change %	Full year 2009	Last 12 months
Net sales	5,507	4,463	23.4	17,264	15,625	10.5	21,113	22,752
External net sales <sup>1</sup>	2,018	1,796	12.4	5,846	5,689	2.8	8,239	8,396
Operating profit (EBIT)	621	-252	-	3,845	1,738	121.2	2,113	4,220
Operating profit (EBIT) excl. items affecting comparability	802	-251	-	4,025	1,738	131.6	1,968	4,255
<b>Electricity generation<sup>2</sup>, TWh</b>	<b>10.0</b>	<b>8.4</b>	<b>19.0</b>	<b>33.7</b>	<b>33.5</b>	<b>0.6</b>	<b>43.2</b>	<b>43.4</b>
– of which, nuclear power	9.5	8.0	18.8	32.4	32.5	-0.3	41.5	41.4
– of which, wind power	0.5	0.4	25.0	1.3	1.0	30.0	1.7	2.0

1) Excluding intra-Group transactions.

2) Of electricity generation during Q1–3, Vattenfall disposed over 23.5 TWh (23.2 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Business Group Pan Europe comprises the three Group-wide business units Wind, Nuclear and Engineering. Business Group Pan Europe is also responsible for Vattenfall's European business development, focusing on efficient use of energy and biomass. Business Group Pan Europe accounted for 7.6% of the Group's operating profit in 2009.

Anders Dahl is Head of Business Group Pan Europe.

### Operating profit Q3

Operating profit improved by SEK 873 million. Operating profit for the Nuclear business unit improved, mainly as a result of higher average prices, increased volumes, and lower operating and maintenance expenses. Operating profit for the Wind business unit was lower as a result of higher depreciation, among other things. This was partly compensated by higher volumes during the period. The loss of revenue caused by the outages at the Krümmel and Brunsbüttel nuclear power plants in Germany is estimated at approximately EUR 113 million (approximately SEK 1 billion) for the third quarter of 2010. The corresponding loss of revenue resulting from Swedish nuclear power plants is estimated at approximately SEK 0.7 billion.

1) Calculation of the loss of revenue is theoretical and is based on the average level of spot prices and planned generation during the period.

### Electricity generation, Q3

Electricity generation increased by 19.0% to 10.0 TWh (8.4). The increase is mainly attributable to higher nuclear power generation as a result of greater availability. Generation can increase further when the remaining problems in the three units are remedied. The Brunsbüttel nuclear power plant in Germany continues to be off line, which

was also the case during the third quarter of 2009. The outage at the half-owned Krümmel nuclear power plant in Germany did not affect consolidated generation volumes, since the plant is not consolidated in Vattenfall's accounts. Wind power generation increased by 0.1 TWh to 0.5 TWh. The Thanet offshore wind farm in the UK, with capacity of 300 MW, and the Stor Rotliden land-based wind farm in Sweden, with capacity of 78 MW, are now operating.

### Important events Q3

- On 23 September Vattenfall inaugurated Thanet – the world's largest offshore wind farm offshore England's south-east coast. The wind farm comprises 100 turbines with total installed capacity of 300 MW. The inauguration was held at sea, with Vattenfall's CEO Øystein Løseth and the UK's Secretary of State for Energy and Climate Change Chris Huhne among the inauguration speakers.
- On 27 September the "One Tonne Life" project was launched on the initiative of the three companies A-hus, Vattenfall and Volvo Cars. The project will demonstrate how one household can reduce its carbon footprint to a level of 1 tonne of carbon dioxide per person and year (compared with an average of 6–8 tonnes per person and year in Sweden) and still maintain their ordinary lifestyle.
- In Denmark, Vattenfall passed a new milestone with the inauguration of Dræby Fed, the largest wind farm on the island of Fyn, at the end of September. Dræby Fed is part of Denmark's Repowering programme, in which Vattenfall is replacing old wind turbines with new, more efficient turbines. The new 2.3 MW turbines will be able to deliver seven times as much electricity as the older ones, with anticipated annual generation of 24,000 MWh.
- All turbines are now in place at the Stor–Rotliden wind farm in Åsele, Sweden. The final turbine was erected in early September, making Stor–Rotliden Vattenfall's largest land-based wind farm. The 40

turbines with combined installed capacity of 78 MW are expected to generate 240 GWh of electricity per year.

- The German government has reached an agreement with the country's nuclear power operators to extend the lifetime of existing nuclear power plants by an average of 12 years. For Vattenfall this entails lifetime extensions of 14 years for the Krümmel and Brokdorf nuclear power plants and 8 years for the Brunsbüttel plant. Vattenfall's ownership in these plants is 50%, 20% and 66.7%, respectively. The agreement is coupled with the introduction of a new nuclear fuel tax and an obligation for the nuclear power operators to make payments to an investment fund for renewable energy projects. It is estimated that the nuclear fuel tax will raise a total of EUR 2.3 billion per year, and for Vattenfall it is estimated to amount to approximately EUR 165 million per year through 2016. Payments to the fund are estimated to amount to approximately EUR 21 million per year in 2011 and 2012 and approximately EUR 14 million per year from 2013 to 2016. Vattenfall's share of the total installed nuclear power capacity in Germany is 7.2%.
- Vattenfall and Stadtwerke München (SWM) intend to start a joint venture company for the construction of DanTysk, an offshore wind farm in the North Sea. The total installed capacity could amount to 288 MW, and the first turbines are planned to be operating by 2013. The investment decision was made in October, and the wind farm is scheduled to be completed at year-end 2013/start of 2014. The total investment is estimated at more than EUR 1 billion. Vattenfall owns 51% and Stadtwerke München 49% of the shares. Vattenfall is responsible for the construction – which is expected to start in 2012 – and operation of the wind farm.

## Business Group Nordic

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Full year 2009	Last 12 months
Net sales	9,049	8,459	7.0	31,882	30,657	4.0	42,393	43,618
External net sales <sup>1</sup>	9,639	8,289	16.3	37,922	32,750	15.8	45,064	50,236
Operating profit (EBIT)	2,516	1,639	53.5	12,075	7,909	52.7	7,504	11,670
Operating profit (EBIT) excl. items affecting comparability	2,459	1,583	55.3	12,015	7,771	54.6	11,117	15,361
<b>Heat sales, TWh</b>	<b>1.0</b>	<b>0.9</b>	<b>11.1</b>	<b>8.5</b>	<b>7.3</b>	<b>16.4</b>	<b>11.1</b>	<b>12.4</b>
<b>Electricity generation<sup>2</sup>, TWh</b>	<b>8.5</b>	<b>8.1</b>	<b>4.9</b>	<b>29.4</b>	<b>28.4</b>	<b>3.5</b>	<b>38.8</b>	<b>39.8</b>
– of which, hydro power	7.0	6.8	2.9	23.6	22.9	3.1	31.2	31.9
– of which, fossil-based power	1.5	1.3	15.4	5.2	5.2	0.0	7.3	7.3
– of which, biomass and waste	0.1	0.1	0.0	0.6	0.3	100.0	0.3	0.6
Transited volume, excl. production transits	16.5	15.1	9.3	57.3	54.0	6.1	74.5	77.9

1) Excluding intra-Group transactions.

2) Of electricity generation during Q1–3, Vattenfall disposed over 27.8 TWh (26.9 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Business Group Nordic conducts operations in Sweden, Finland and Denmark. The following business units are included in the segment: Hydro, Distribution, Sales, Heat and Services. Business Group Nordic accounted for 26.9% of the Group's operating profit in 2009.

Torbjörn Wahlborg is Head of Business Group Nordic.

### Operating profit Q3

Operating profit improved by SEK 877 million. The improvement is mainly attributable to the Hydro business unit and is largely due to higher prices achieved. The Distribution business unit showed an improvement through higher tariffs and volumes. Operating profit for the Heat business unit improved as a result of a higher gross margin and lower amortisation in the light of an impairment charge that was taken at the end of 2009 for the Danish heating plants.

### Sales of heat and electricity generation Q3

Sales of heat increased by 0.1 TWh to 1.0 TWh (0.9). Electricity generation increased by 4.9% to 8.5 TWh (8.1), mainly due to higher hydro power generation and an increase in fossil-based power generation from the heating plants. Transited volume in the distribution operations increased by 9.3%, owing mainly to a recovery of industrial production in the wake of the financial crisis.

### Important events Q3

- More than 190,000 of Vattenfall's customers in the Finnish electricity grid were affected by a power outage during the last days of July and first week of August caused by severe storms. Thousands of trees were downed and damaged the electricity network, requiring extensive repair work.
- The Nordic Heat business unit signed an agreement with Uppsala municipality in Sweden on long-term close co-operation in energy generation and use, which will lead to more sustainable use of resources in the municipality. Under the terms of the agreement, Vattenfall will maintain close and regular contact with the municipality for reviews and discussions about energy solutions in the expansion and new construction of homes and other buildings in Uppsala.

## Business Group Central Europe

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Full year 2009	Last 12 months
Net sales	24,905	35,939	-30.7	103,267	118,987	-13.2	163,476	147,756
External net sales <sup>1</sup>	16,650	25,858	-35.6	74,402	84,622	-12.1	116,466	106,246
Operating profit (EBIT)	2,548	2,607	-2.3	6,258	13,628	-54.1	18,938	11,568
Operating profit (EBIT) excl. items affecting comparability	2,408	2,647	-9.0	11,429	13,658	-16.3	18,373	16,144
<b>Heat sales, TWh</b>	<b>3.0</b>	<b>2.7</b>	<b>11.1</b>	<b>18.8</b>	<b>17.0</b>	<b>10.6</b>	<b>26.3</b>	<b>28.0</b>
<b>Electricity generation, TWh</b>	<b>15.9</b>	<b>15.5</b>	<b>2.6</b>	<b>53.8</b>	<b>49.7</b>	<b>8.2</b>	<b>68.8</b>	<b>72.8</b>
- of which, fossil-based power	14.9	14.7	1.4	50.9	47.4	7.4	65.2	68.6
- of which, hydro power	0.8	0.7	14.3	2.3	1.9	21.1	2.5	3.0
- of which, biomass and waste	0.2	0.1	100.0	0.5	0.4	25.0	1.1	1.3
Transited volume, excl. production transits	10.2	9.8	4.1	30.4	30.0	1.3	40.7	41.1

1) Excluding intra-Group transactions.

Business Group Central Europe conducts operations in Germany and Poland. The operating segment consists of the following business units: Mining & Generation, Distribution, Sales and Heat. Business Group Central Europe accounted for 67.8% of the Group's operating profit in 2009.

Tuomo Hatakka is Head of Business Group Central Europe.

### Operating profit Q3

Operating profit fell by SEK 53 million. Currency movements resulting from the stronger Swedish krona affected the change in operating profit by SEK -320 million, net.

The Mining & Generation business unit reported a lower operating profit, mainly as a result of lower average prices received. This was compensated somewhat by lower costs. The divestment of 50Hertz Transmission GmbH had a negative impact of SEK 373 million. The Heat and Distribution business units showed improvements in operating profit. In the Heat business unit this is mainly attributable to a positive price impact on electricity of higher heat sales, lower maintenance expenses, and to the fact that operating profit for 2009 included an impairment charge for a discontinued heat project. The improvement for Distribution is mainly attributable to lower costs.

### Sales of heat and electricity generation, Q3

Electricity generation increased by 2.6% to 15.9 TWh (15.5) as a result of slightly higher availability in the power plants.

Sales of heat increased by 11% as a result of cooler weather during the late summer compared with the same period a year earlier. Transited volume in the distribution operations increased by 4.1%.

### Important events Q3

- In close co-operation with the agriculture company Bauern AG in Neißetal, Germany, Vattenfall began construction of a 700 kW biogas plant in Brandenburg. Bauern AG will be a part-owner together with Vattenfall and will also be responsible for providing the plant with biofuel derived from agricultural by-products.
- Since July Vattenfall has been working on providing a residential area in Berlin's Reinickendorf district with more than 10,000 smart meters in conjunction with the launch of Germany's largest smart metering project. For the first time in Germany, customers can now see their electricity consumption in real time on their TV screens, iPhones and iPod touches, or via an online portal. Smart metering is one of several projects that Vattenfall is conducting in an effort to reduce its CO<sub>2</sub> exposure.
- Vattenfall and the German government have reached an agreement and thereby concluded the international arbitration proceedings surrounding the construction of the Moorburg combined heat and power plant in Hamburg, Germany.

## Business Group Benelux

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Q3-Q4 2009	Last 12 months
Net sales	8,395	9,448	-11.1	34,126	-	-	24,290	48,968
External net sales <sup>1</sup>	6,792	7,638	-11.1	29,150	-	-	20,446	41,958
Operating profit (EBIT)	-403	-379	-6.3	-363	-	-	-644	-628
Operating profit (EBIT) excl. items affecting comparability	-308	-373	17.4	-341	-	-	-205	-173
<b>Gas sales, TWh</b>	<b>6.0</b>	<b>5.3</b>	<b>13.2</b>	<b>41.1</b>	<b>5.3</b>	-	<b>19.7</b>	<b>55.4</b>
<b>Heat sales, TWh</b>	<b>0.2</b>	<b>0.1</b>	<b>100.0</b>	<b>1.1</b>	<b>0.1</b>	-	<b>0.6</b>	<b>1.6</b>
<b>Electricity generation, TWh</b>	<b>2.5</b>	<b>3.5</b>	<b>-28.6</b>	<b>9.2</b>	<b>3.5</b>	-	<b>8.0</b>	<b>13.6</b>
- of which, fossil-based power	2.4	3.5	-31.4	9.1	3.5	-	7.8	13.4
- of which, hydro power	0.1	0.0	-	0.1	0.0	-	0.2	0.2

1) Excluding intra-Group transactions.

Business Group Benelux conducts operations in the Netherlands and Belgium and consists of the business units Exploration & Production (mainly gas production); Power, Heat & Services; and Sales. Nuon's wind power and energy trading operations are now part of Business Group Pan Europe and the Supply & Trading segment, respectively. Business Group Benelux is consolidated in the Vattenfall Group since 1 July 2009.

Huib Morelisse is Head of Business Group Benelux.

plies from 2010, covers electricity deliveries of 100 GWh per year and also includes the factory in Gent, Belgium.

- In July a new product was launched for customers who have both gas and electricity contracts, called "CO<sub>2</sub>-OK Energy". All CO<sub>2</sub> emissions resulting from customers' use of gas is being offset by investments in renewable energy development projects. The electricity is generated by CO<sub>2</sub>-neutral energy sources, such as wind, solar and hydro.
- In August, Vattenfall decided to invest in a new gas-fired 435 MW power plant in Diemen, Netherlands. A heat line will be installed between Diemen and Almere to utilise surplus heat for residential heating.

### Operating profit Q3

Operating profit fell by SEK 24 million. Excluding currency effects of SEK -42 million resulting from the stronger Swedish krona, operating profit improved by SEK 18 million. Excluding amortisation of surplus value, operating profit increased by SEK 196 million to SEK 353 million.

### Sales of gas and heat, and electricity generation Q3

Electricity generation decreased by 28.6% to 2.5 TWh (3.5), mainly due to lower availability at the Hemweg power plant (unit 8). Sales of gas to end customers rose 13.2% to 6.0 TWh (5.3). Sales of heat increased by 0.1 TWh to 0.2 TWh, mainly as a result of an increase in the number of heat customers.

### Important events Q3

- In early July Vattenfall – through Nuon – expanded its several-year agreement with Volvo Car Corporation. The agreement, which ap-



## Supply & Trading

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Full year 2009	Last 12 months
Net sales	16,690	16,303	2.4	57,692	44,462	29.8	70,781	84,011
External net sales <sup>1</sup>	2,652	1,577	68.2	10,719	8,612	24.5	14,593	16,700
Operating profit (EBIT)	624	-142	-	3,612	405	791.9	1,571	4,778
Operating profit (EBIT) excl. items affecting comparability	624	-142	-	3,612	419	762.1	1,585	4,778

1) Excluding intra-Group transactions.

Supply & Trading has Group-wide responsibility for market access, price hedging, fuel purchasing, dispatching for the German and Dutch power plants, and trading for own account within mandates issued by the Board of Directors. The Supply & Trading operating segment accounted for 5.6% of the Group's operating profit in 2009.

Stephen Asplin is Head of Supply & Trading.

### Operating profit Q3

Operating profit improved by SEK 765 million. The improvement is partly attributable to a realised profit from favourable contracts in trading activities that were previously entered into.

### Important events Q3

- Vattenfall Energy Trading began optimisation of the new Thanet wind farm in England. Vattenfall Energy Trading sells electricity generation and the green certificates that are received in the British market.
- As of 23 August, Vattenfall Energy Trading is the first market maker on the Polish electricity exchange, PPX. This increases liquidity and creates opportunities for hedges, which is a prerequisite for continued development of the Polish electricity market.

## Other

Amounts in SEK million	Q3 2010	Q3 2009	Change %	Q1-Q3 2010	Q1-Q3 2009	Change %	Full year 2009	Last 12 months
Net sales	232	548	-57.7	725	1,541	-53.0	2,127	1,311
External net sales <sup>1</sup>	-86	188	-	-4	691	-	599	-96
Operating profit (EBIT)	-77	51	-	-520	-1,036	49.8	-1,544	-1,028
Operating profit (EBIT) excl. items affecting comparability	-77	51	-	-520	-1,036	49.8	-1,544	-1,028

1) Excluding intra-Group transactions.

Other includes Treasury operations and Other Group functions. Operating profit also includes unrealised changes in fair value of energy trading contracts, which according to IAS 39 may not be recognised using hedge accounting.

### Operating profit

The SEK 128 million decrease in operating profit is attributable to, among other things, unrealised changes in the market value of energy trading contracts.

## Consolidated income statement

Amounts in SEK million	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Last 12 months
Net sales	37,665	45,346	158,035	140,002	205,407	223,440
Cost of products sold <sup>1</sup>	-27,271	-37,101	-114,486	-106,571	-162,564	-170,479
<b>Gross profit</b>	<b>10,394</b>	<b>8,245</b>	<b>43,549</b>	<b>33,431</b>	<b>42,843</b>	<b>52,961</b>
Selling expenses, administrative expenses and research and development costs <sup>2</sup>	-4,184	-4,989	-13,708	-12,550	-17,922	-19,080
Other operating income and expenses, net	-564	-29	-5,245	240	1,707	-3,778
Participations in the results of associated companies	183	297	311	1,144	1,310	477
<b>Operating profit (EBIT)<sup>3</sup></b>	<b>5,829</b>	<b>3,524</b>	<b>24,907</b>	<b>22,265</b>	<b>27,938</b>	<b>30,580</b>
Financial income <sup>4</sup>	870	1,036	1,731	2,138	2,814	2,407
Financial expenses <sup>5</sup>	-4,131	-3,734	-10,023	-9,347	-13,018	-13,694
<b>Profit before tax<sup>6</sup></b>	<b>2,568</b>	<b>826</b>	<b>16,615</b>	<b>15,056</b>	<b>17,734</b>	<b>19,293</b>
Income tax expense	-819	-204	-5,894	-3,718	-4,286	-6,462
<b>Profit for the period<sup>7</sup></b>	<b>1,749</b>	<b>622</b>	<b>10,721</b>	<b>11,338</b>	<b>13,448</b>	<b>12,831</b>
Profit for the period attributable to:						
Owners of the Parent Company	1,597	831	10,420	11,038	12,896	12,278
Minority interests	152	-209	301	300	552	553
<b>Total</b>	<b>1,749</b>	<b>622</b>	<b>10,721</b>	<b>11,338</b>	<b>13,448</b>	<b>12,831</b>
<b>Earnings per share</b>						
Number of shares in Vattenfall AB, thousands	131,700	131,700	131,700	131,700	131,700	131,700
Earnings per share, basic and diluted (SEK)	12.13	6.31	79.12	83.81	97.92	93.23
<b>Supplementary information</b>						
Operating profit before depreciation and amortisation (EBITDA)	10,764	9,123	40,207	36,417	51,777	55,567
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	-2,858	-2,292	-6,487	-5,507	-7,994	-8,974
1) Of which, depreciation, amortisation and impairment losses related to non-recurring assets	-4,729	-5,371	-14,689	-13,651	-23,238	-24,276
2) Of which, depreciation, amortisation and impairment losses related to non-recurring assets	-206	-228	-611	-501	-601	-711
3) Including items affecting comparability attributable to:						
Capital gains/losses, net	-159	61	-173	144	58	-259
Impairment losses and impairment losses reversed, net	80	-52	-5,140	-56	-4,231	-9,315
Other items affecting comparability	-	-	-	-	817	817
4) Including return from the Swedish Nuclear Waste Fund	372	468	577	842	1,188	923
5) Including interest components related to pension costs	-283	-315	-865	-936	-1,297	-1,226
5) Including discounting effects attributable to provisions	-775	-874	-2,382	-2,544	-3,398	-3,236
6) Including items affecting comparability attributable to:						
Capital gains/losses, net	-160	59	-173	144	103	-214
Impairment losses and impairment losses reversed, net	80	-52	-5,140	-56	-4,231	-9,315
Other items affecting comparability	-	-	-	-	817	817
7) Including items affecting comparability stated above adjusted for tax	-33	19	-5,265	80	-2,606	-7,951

## Consolidated statement of comprehensive income

Amounts in SEK million	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Last 12 months
<b>Profit for the period</b>	<b>1,749</b>	<b>622</b>	<b>10,721</b>	<b>11,338</b>	<b>13,448</b>	<b>12,831</b>
<b>Other comprehensive income:</b>						
Cash flow hedges:						
Changes in fair value	-1,913	455	2,943	2,196	-1,399	-652
Dissolved against the income statement	-403	598	-628	1,730	8,238	5,880
Transferred to cost of hedged item	-79	132	240	-210	-1,509	-1,059
Tax attributable to cash flow hedges	571	-237	-679	-1,061	-1,576	-1,194
<b>Total cash flow hedges</b>	<b>-1,824</b>	<b>948</b>	<b>1,876</b>	<b>2,655</b>	<b>3,754</b>	<b>2,975</b>
Hedging of net investments in foreign operations	4,656	9,147	17,626	10,186	8,111	15,551
Tax attributable to hedging of net investments in foreign operations	-1,224	-2,406	-4,635	-2,679	-2,133	-4,089
<b>Total hedging of net investments in foreign operations</b>	<b>3,432</b>	<b>6,741</b>	<b>12,991</b>	<b>7,507</b>	<b>5,978</b>	<b>11,462</b>
Translation differences	-7,953	-12,616	-27,171	-14,657	-11,393	-23,907
<b>Total other comprehensive income, net after tax</b>	<b>-6,345</b>	<b>-4,927</b>	<b>-12,304</b>	<b>-4,495</b>	<b>-1,661</b>	<b>-9,470</b>
<b>Total comprehensive for the period</b>	<b>-4,596</b>	<b>-4,305</b>	<b>-1,583</b>	<b>6,843</b>	<b>11,787</b>	<b>3,361</b>
Total comprehensive income for the period attributable to:						
Owners of the Parent Company	-4,619	-3,584	-1,427	7,207	11,920	-8,992
Minority interests	23	-721	-156	-364	-133	-478
<b>Total</b>	<b>-4,596</b>	<b>-4,305</b>	<b>-1,583</b>	<b>6,843</b>	<b>11,787</b>	<b>-9,470</b>

## Operating segments, Vattenfall Group

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Business Group Pan Europe	2,018	1,796	5,846	5,689	8,239	3,489	2,667	11,418	9,936	12,874	5,507	4,463	17,264	15,625	21,113
Business Group Nordic	9,639	8,289	37,922	32,750	45,064	-590	170	-6,040	-2,093	-2,671	9,049	8,459	31,882	30,657	42,393
Business Group Central Europe	16,650	25,858	74,402	84,622	116,466	8,255	10,081	28,865	34,365	47,010	24,905	35,939	103,267	118,987	163,476
Business Group Benelux	6,792	7,638	29,150	7,638	20,446	1,603	1,810	4,976	1,810	3,844	8,395	9,448	34,126	9,448	24,290
Supply & Trading	2,652	1,577	10,719	8,612	14,593	14,038	14,726	46,973	35,850	56,188	16,690	16,303	57,692	44,462	70,781
Other <sup>1</sup>	-86	188	-4	691	599	318	360	729	850	1,528	232	548	725	1,541	2,127
Eliminations <sup>2</sup>	-	-	-	-	-	-27,113	-29,814	-86,921	-80,718	-118,773	-27,113	-29,814	-86,921	-80,718	-118,773
<b>Total</b>	<b>37,665</b>	<b>45,346</b>	<b>158,035</b>	<b>140,002</b>	<b>205,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,665</b>	<b>45,346</b>	<b>158,035</b>	<b>140,002</b>	<b>205,407</b>

Amounts in SEK million	Profit					Profit excl. items affecting comparability				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Business Group Pan Europe	621	-252	3,845	1,738	2,113	802	-251	4,025	1,738	1,968
Business Group Nordic	2,516	1,639	12,075	7,909	7,504	2,459	1,583	12,015	7,771	11,117
Business Group Central Europe	2,548	2,607	6,258	13,628	18,938	2,408	2,647	11,429	13,658	18,373
Business Group Benelux	-403	-379	-363	-379	-644	-308	-373	-341	-373	-205
Supply & Trading <sup>3</sup>	624	-142	3,612	405	1,571	624	-142	3,612	419	1,585
Other <sup>1</sup>	-77	51	-520	-1,036	-1,544	-77	51	-520	-1,036	-1,544
<b>Operating profit (EBIT)</b>	<b>5,829</b>	<b>3,524</b>	<b>24,907</b>	<b>22,265</b>	<b>27,938</b>	<b>5,908</b>	<b>3,515</b>	<b>30,220</b>	<b>22,177</b>	<b>31,294</b>
Financial income and expenses	-3,261	-2,698	-8,292	-7,209	-10,204					
<b>Profit before tax</b>	<b>2,568</b>	<b>826</b>	<b>16,615</b>	<b>15,056</b>	<b>17,734</b>					

1) Includes Treasury operations and Other Group functions. Operating profit also includes unrealised changes in fair value according to IAS 39 for energy trading contracts administered by Supply & Trading which are reported in Other until the amounts are realised. When the amounts are realised the segment for which the contract is signed is affected.

2) Chiefly concerns trade between Business Groups and Supply & Trading.

3) Operating profit excludes unrealised changes in fair value according to IAS 39 which are reported in Other.

## Vattenfall Group, information about products and services

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Electricity Generation <sup>1</sup>	10,817	8,252	39,335	29,066	40,516	8,326	11,007	24,297	32,344	43,781	19,143	19,259	63,632	61,410	84,297
Supply & Trading	2,652	1,577	10,719	8,612	14,593	14,038	14,726	46,973	35,850	56,188	16,690	16,303	57,692	44,462	70,781
Electricity Networks	3,657	12,441	33,127	39,101	54,491	1,743	3,370	7,504	12,063	16,755	5,400	15,811	40,631	51,164	71,246
Heat	2,832	3,041	14,045	13,213	19,390	2,112	2,012	9,223	8,948	12,739	4,944	5,053	23,268	22,161	32,129
Other <sup>2</sup>	23,187	24,414	83,260	65,237	98,027	2,575	3,028	8,500	7,902	11,889	25,762	27,442	91,760	73,139	109,916
Eliminations <sup>3</sup>	-5,480	-4,379	-22,451	-15,227	-21,610	-28,794	-34,143	-96,497	-97,107	-141,352	-34,274	-38,522	-118,948	-112,334	-162,962
<b>Total</b>	<b>37,665</b>	<b>45,346</b>	<b>158,035</b>	<b>140,002</b>	<b>205,407</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>37,665</b>	<b>45,346</b>	<b>158,035</b>	<b>140,002</b>	<b>205,407</b>

Amounts in SEK million	Operating profit (EBIT)					Operating profit (EBIT) excl. items affecting comparability				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Electricity Generation <sup>1</sup>	5,254	4,977	21,475	19,649	27,674	5,425	5,035	21,644	19,710	27,282
Supply & Trading <sup>3</sup>	624	-142	3,612	405	1,571	624	-142	3,612	419	1,585
Electricity Networks	1,164	1,111	-290	4,099	5,800	1,063	1,100	4,927	4,004	5,152
Heat	-35	-731	3,511	1,944	-609	-37	-736	3,500	1,945	3,545
Other	-1,178	-1,691	-3,401	-3,832	-6,498	-1,167	-1,742	-3,463	-3,901	-6,270
<b>Total</b>	<b>5,829</b>	<b>3,524</b>	<b>24,907</b>	<b>22,265</b>	<b>27,938</b>	<b>5,908</b>	<b>3,515</b>	<b>30,220</b>	<b>22,177</b>	<b>31,294</b>

1) Electricity Generation consists of the business units Wind, Nuclear, Hydro, Mining & Generation, Exploration & Production and Power, Heat & Services.

2) Includes Energy Sales, Treasury operations, Other Group functions and certain other business operations. Operating profit also includes unrealised changes in fair value according to IAS 39 for energy trading contracts administered by Supply & Trading which are reported in Other until the amounts are realised. When the amounts are realised mainly Electricity Generation is affected.

3) Operating profit excludes unrealised changes in fair value according to IAS 39 which are reported in Other.

## Vattenfall Group, information about geographical areas

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Nordic countries	11,078	9,572	42,215	36,884	50,987	86	490	-2,931	893	717	11,164	10,062	39,284	37,777	51,704
Germany and Poland	17,099	26,297	75,646	85,947	118,420	8,686	10,307	30,141	34,842	47,565	25,785	36,604	105,787	120,789	165,985
Netherlands and Belgium	6,801	7,644	29,171	7,644	20,457	1,622	1,883	5,061	1,883	3,999	8,423	9,527	34,232	9,527	24,456
Other <sup>1</sup>	2,687	1,833	11,003	9,527	15,543	14,355	15,084	47,685	36,692	57,702	17,042	16,917	58,688	46,219	73,245
Eliminations	—	—	—	—	—	-24,749	-27,764	-79,956	-74,310	-109,983	-24,749	-27,764	-79,956	-74,310	-109,983
<b>Total</b>	<b>37,665</b>	<b>45,346</b>	<b>158,035</b>	<b>140,002</b>	<b>205,407</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>37,665</b>	<b>45,346</b>	<b>158,035</b>	<b>140,002</b>	<b>205,407</b>

Amounts in SEK million	Operating profit (EBIT)					Operating profit (EBIT) excl. items affecting comparability				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Nordic countries	3,353	2,035	15,958	11,437	11,820	3,296	1,979	15,897	11,298	15,572
Germany and Poland	2,529	2,033	6,682	11,807	16,624	2,389	2,073	11,853	11,837	16,059
Netherlands and Belgium	-314	-396	-535	-396	-1,757	-313	-390	-607	-390	-336
Other	261	-148	2,802	-583	1,251	536	-147	3,077	-568	-1
<b>Total</b>	<b>5,829</b>	<b>3,524</b>	<b>24,907</b>	<b>22,265</b>	<b>27,938</b>	<b>5,908</b>	<b>3,515</b>	<b>30,220</b>	<b>22,177</b>	<b>31,294</b>

1) Chiefly concerns Supply & Trading, Treasury operations and Other Group functions. Also includes operations in the UK.

## Consolidated balance sheet

Amounts in SEK million	30 September 2010	30 September 2009	31 December 2009
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	55,448	58,732	64,431
Property, plant and equipment	278,887	311,811	303,025
Other non-current assets	52,532	57,520	54,037 <sup>1</sup>
<b>Total non-current assets</b>	<b>386,867</b>	<b>428,063</b>	<b>421,493</b>
<b>Current assets</b>			
Inventories	15,931	14,184	14,848
Intangible assets: current	6,792	1,349	12,432
Trade receivables and other receivables	27,152	35,997	42,152
Advance payment to suppliers	4,573	763	542
Derivatives with positive fair value	32,485	52,708	39,170
Prepaid expenses and accrued income	5,247	3,958	9,807
Current tax assets	4,819	2,295	1,376
Short-term investments	26,841	41,240	46,385
Cash and cash equivalents	16,014	18,726	10,555
Assets held for sale	2,013	–	3,367 <sup>1</sup>
<b>Total current assets</b>	<b>141,867</b>	<b>171,220</b>	<b>180,634</b>
<b>Total assets</b>	<b>528,734</b>	<b>599,283</b>	<b>602,127</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owners of the Parent Company	128,953	130,870	135,620
Attributable to minority interests	6,652	6,798	6,784
<b>Total equity</b>	<b>135,605</b>	<b>137,668</b>	<b>142,404</b>
<b>Non-current liabilities</b>			
Capital Securities	9,081	10,128	10,250
Other interest-bearing liabilities	167,941	175,668	174,428
Pension provisions	18,393	19,884	20,690
Other interest-bearing provisions	63,078	63,067	65,601
Deferred tax liabilities	31,974	40,695	35,953
Other noninterest-bearing liabilities	8,405	5,353	7,480
<b>Total non-current liabilities</b>	<b>298,872</b>	<b>314,795</b>	<b>314,402</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	22,295	23,917	42,106
Advance payments from customers	1,138	6	401
Derivatives with negative fair value	25,271	50,729	36,802
Accrued expenses and deferred income	22,973	30,251	30,637
Current tax liabilities	6,752	4,123	1,086
Interest-bearing liabilities	11,322	33,019	28,816
Interest-bearing provisions	4,506	4,775	4,809
Liabilities associated with assets held for sale	–	–	664
<b>Total current liabilities</b>	<b>94,257</b>	<b>146,820</b>	<b>145,321</b>
<b>Total equity and liabilities</b>	<b>528,734</b>	<b>599,283</b>	<b>602,127</b>
Pledged assets	645	1,440	752
Contingent liabilities	8,033	5,310	6,366

1) The amount is adjusted compared to previously published information. See Accounting policies page 28.

## Supplementary information

### Net assets

Amounts in SEK million	30 September 2010	30 September 2009	31 December 2009
Business Group Pan Europe	63,028	49,350	53,249
Business Group Nordic	61,360	69,211	70,964
Business Group Central Europe	77,851	90,191	92,351
Business Group Benelux	58,524	67,051	60,949
Supply & Trading	23,162	22,148	26,578
Other <sup>1</sup>	-1,314	760	-3,366
Eliminations	-198	-954	2
<b>Total net assets</b>	<b>282,413</b>	<b>297,757</b>	<b>300,727</b>
Net assets, weighted average value	297,163	219,202	245,016

1) Includes Treasury operations and Other Group functions.

### Net debt

Amounts in SEK million	30 September 2010	30 September 2009	31 December 2009
Capital Securities	-9,081	-10,128	-10,250
Bond issues and liabilities to credit institutions	-109,114	-122,855	-122,086
Present value of liability pertaining to acquisition of N.V. Nuon Energy	-43,949	-51,486	-49,447
Liabilities to associated companies	-10,839	-16,830	-16,711
Liabilities to minority owners	-9,031	-7,585	-7,975
Other liabilities	-6,330	-9,931	-7,025
<b>Total interest-bearing liabilities</b>	<b>-188,344</b>	<b>-218,815</b>	<b>-213,494</b>
Cash and cash equivalents	16,014	18,726	10,555
Short-term investments	26,841	41,240	46,385
Loans to minority owners of foreign subsidiaries	334	1,532	1,567
<b>Net debt</b>	<b>-145,155</b>	<b>-157,317</b>	<b>-154,987</b>

### Adjusted gross debt and net debt

Amounts in SEK million	30 September 2010	30 September 2009	31 December 2009
Total interest-bearing liabilities	-188,344	-218,815	-213,494
50% of Capital Securities	4,541	5,064	5,125
Present value of pension obligations	-19,085	-20,941	-21,197
Provisions for mining, gas and wind operations and other environment-related provisions	-12,876	-14,288	-14,463
Provisions for nuclear power (net)	-11,788	-3,739	-6,776
Currency derivatives for hedging of debt in foreign currency	2,145	1,018	1,345
Margin calls received	5,368	8,710	5,545
Liabilities to minority owners due to consortium agreements	8,640	7,199	7,588
<b>Adjusted gross debt</b>	<b>-211,399</b>	<b>-235,792</b>	<b>-236,327</b>
Reported cash and cash equivalents and short-term investments	42,855	59,966	56,940
Unavailable liquidity	-5,601	-21,116	-25,641
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>37,254</b>	<b>38,850</b>	<b>31,299</b>
<b>Adjusted net debt</b>	<b>-174,145</b>	<b>-196,942</b>	<b>-205,028</b>

## Consolidated statement of cash flows

Amounts in SEK million	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Last 12 months
<b>Operating activities</b>						
Profit before tax	2,568	826	16,615	15,056	17,734	19,293
Depreciation, amortisation and impairment losses	4,935	5,598	15,300	14,151	23,838	24,987
Tax paid	-1,529	-1,135	-8,774	-2,658	-4,739	-10,855
Other adjustment items	965	-1,292	5,297	-1,224	-133	6,388
<b>Funds from operations (FFO)</b>	<b>6,939</b>	<b>3,997</b>	<b>28,438</b>	<b>25,325</b>	<b>36,700</b>	<b>39,813</b>
Changes in inventories	-1,212	-1,301	-1,407	-1,375	-1,597	-1,629
Changes in operating receivables <sup>1</sup>	4,793	5,435	5,257	12,788	-9,710	-17,241
Changes in operating liabilities <sup>1</sup>	3,326	1,841	-10,343	-2,024	22,147	13,828
Other changes	-2,075	1,179	9,392	-1,598	-1,294	9,696
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>4,832</b>	<b>7,154</b>	<b>2,899</b>	<b>7,791</b>	<b>9,546</b>	<b>4,654</b>
<b>Cash flow from operating activities</b>	<b>11,771</b>	<b>11,151</b>	<b>31,337</b>	<b>33,116</b>	<b>46,246</b>	<b>44,467</b>
<b>Investing activities</b>						
Acquisitions in Group companies	–	-56,042	-581	-56,181	-56,193	-593
Investments in associated companies and other shares and participations	-37	-90	-482	-370	-368	-480
Other investments in non-current assets	-11,244	-12,334	-28,126	-28,862	-46,428	-45,692
Divestments	259	268	6,223	1,005	5,542	10,760
Cash and cash equivalents in acquired/divested companies	5	14,904	-286	14,931	14,407	-810
<b>Cash flow from investing activities</b>	<b>-11,017</b>	<b>-53,294</b>	<b>-23,252</b>	<b>-69,477</b>	<b>-83,040</b>	<b>-36,815</b>
<b>Cash flow before financing activities</b>	<b>754</b>	<b>-42,143</b>	<b>8,085</b>	<b>-36,361</b>	<b>-36,794</b>	<b>7,652</b>
<b>Financing activities</b>						
Changes in short-term investments	-3,390	-23,871	3,078	-24,187	-25,611	1,654
Changes in loans to minority owners in foreign subsidiaries	1,510	-65	1,113	-515	-529	1,099
Loans raised <sup>2</sup>	716	2,594	8,834	76,250	72,543	5,127
Amortisation of debt	-5,464	542	-11,170	-9,821	-11,601	-12,950
Dividends paid to owners	-13	-9	-5,307	-6,977	-6,980	-5,310
Contribution from minority interests	–	–	97	–	–	97
<b>Cash flow from financing activities</b>	<b>-6,641</b>	<b>-20,809</b>	<b>-3,355</b>	<b>34,750</b>	<b>27,822</b>	<b>-10,283</b>
<b>Cash flow for the period</b>	<b>-5,887</b>	<b>-62,952</b>	<b>4,730</b>	<b>-1,611</b>	<b>-8,972</b>	<b>-2,631</b>
<b>Cash and cash equivalents</b>						
Cash and cash equivalents at the beginning of the period	21,279	82,398	10,555	20,904	20,904	18,726
Cash and cash equivalents included in assets held for sale at 31 December 2009	–	–	653	–	-653	–
Cash flow for the period	-5,887	-62,952	4,730	-1,611	-8,972	-2,631
Translation differences	622	-720	76	-567	-724	-81
<b>Cash and cash equivalents at the end of the period</b>	<b>16,014</b>	<b>18,726</b>	<b>16,014</b>	<b>18,726</b>	<b>10,555</b>	<b>16,014</b>

1) Amounts for periods prior to Q3 2010 have been adjusted compared to previously published information. See Accounting policies page 28.

2) Short-term borrowings in which the duration is three months or shorter are reported net.



## Consolidated statement of cash flows (cont.)

### Supplementary information

Amounts in SEK million	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Full year 2009	Last 12 months
<b>Cash flow before financing activities</b>	<b>754</b>	<b>-42,143</b>	<b>8,085</b>	<b>-36,361</b>	<b>-36,794</b>	<b>7,652</b>
<b>Financing activities</b>						
Dividends paid to owners	-13	-9	-5,307	-6,977	-6,980	-5,310
Contribution from minority interests	-	-	97	-	-	97
<b>Cash flow after dividend</b>	<b>741</b>	<b>-42,152</b>	<b>2,875</b>	<b>-43,338</b>	<b>-43,774</b>	<b>2,439</b>
<b>Analysis of change in net debt</b>						
Net debt at beginning of the period	-151,071	-63,478	-154,987	-66,000	-66,000	-157,317
Changed calculation of net debt <sup>1</sup>	-	-	-11,252	-	-	-11,252
Cash flow after dividend	741	-42,152	2,875	-43,338	-43,774	2,439
Changes as a result of valuation at fair value	-807	-1,297	-3,271	807	1,475	-2,603
Changes in interest-bearing liabilities for leasing	15	354	77	378	406	105
Interest-bearing liabilities acquired/divested	-	-4,282	3,670	-4,282	-2,046	5,906
Liability pertaining to the acquisition of N.V. Nuon Energy incl. discounting effects	-671	-54,024	10	-54,024	-51,392	2,642
Cash and cash equivalents included in assets held for sale at 31 December 2009	-	-	653	-	-653	-
Translation differences on net debt	6,638	7,562	17,070	9,142	6,997	14,925
<b>Net debt at the end of the period</b>	<b>-145,155</b>	<b>-157,317</b>	<b>-145,155</b>	<b>-157,317</b>	<b>-154,987</b>	<b>-145,155</b>
Free cash flow	7,260	7,081	20,491	21,130	27,566	26,927

1) As of the first quarter 2010 bilateral margin calls are recognised as Advance payment to suppliers/Advance payments from customers. Previously these were recognised as Short-term investments and Current interest-bearing liabilities, respectively.

## Consolidated statement of changes in equity

Amounts in SEK million	30 September 2010			30 September 2009			31 December 2009		
	Attributable to owners of the Parent Company	Attributable to minority interests	Total equity	Attributable to owners of the Parent Company	Attributable to minority interests	Total equity	Attributable to owners of the Parent Company	Attributable to minority interests	Total equity
Balance brought forward	135,620	6,784	142,404	129,861	11,025	140,886	129,861	11,025	140,886
Dividends paid to owners	-5,240	-67	-5,307	-6,900	-77	-6,977	-6,900	-80	-6,980
Group contributions from(+)/to(-) minority, net after tax	-	-	-	-	-	-	-	342	342
Changes in ownership	-	91	91	702	-3,786	-3,084	739	-4,370	-3,631
Cash flow hedges:									
Changes in fair value	3,034	-91	2,943	2,245	-49	2,196	-1,344	-55	-1,399
Dissolved against income statement	-627	-1	-628	1,730	-	1,730	8,238	-	8,238
Transferred to cost of hedged item	242	-2	240	-208	-2	-210	-1,509	-	-1,509
Tax attributable to cash flow hedges	-704	25	-679	-1,074	13	-1,061	-1,590	14	-1,576
Total cash flow hedges	1,945	-69	1,876	2,693	-38	2,655	3,795	-41	3,754
Hedging of net investments in foreign operations	17,626	-	17,626	10,186	-	10,186	8,111	-	8,111
Tax attributable to net investments in foreign operations	-4,635	-	-4,635	-2,679	-	-2,679	-2,133	-	-2,133
Total hedging of net investments in foreign operations	12,991	-	12,991	7,507	-	7,507	5,978	-	5,978
Translation differences	-26,783	-388	-27,171	-14,031	-626	-14,657	-10,749	-644	-11,393
Profit for the period	10,420	301	10,721	11,038	300	11,338	12,896	552	13,448
Total comprehensive income for the period	-1,427	-156	-1,583	7,207	-364	6,843	11,920	-133	11,787
<b>Balance carried forward</b>	<b>128,953<sup>1</sup></b>	<b>6,652</b>	<b>135,605</b>	<b>130,870<sup>1</sup></b>	<b>6,798</b>	<b>137,668</b>	<b>135,620<sup>1</sup></b>	<b>6,784</b>	<b>142,404</b>
1) Of which, Reserve for cash flow hedges	1,687	-	-	-1,362	-	-	-259	-	-

## Key ratios, Vattenfall Group (definitions and calculations of key ratios on pages 30–31)

In % unless otherwise stated. (x) means times	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Full year 2009	Last 12 months
Operating margin	15.5	7.8	15.8	15.9	13.6	13.7
Operating margin <sup>1</sup>	15.7	7.8	19.1	15.8	15.2	17.6
Pre-tax profit margin	6.8	1.8	10.5	10.8	8.6	8.6
Pre-tax profit margin <sup>1</sup>	7.0	1.8	13.9	10.7	10.2	12.5
Return on equity	9.3 <sup>2</sup>	11.0 <sup>2</sup>	9.3 <sup>2</sup>	11.0 <sup>2</sup>	9.5	9.3
Return on equity <sup>1</sup>	15.4 <sup>2</sup>	11.1 <sup>2</sup>	15.4 <sup>2</sup>	11.1 <sup>2</sup>	11.4	15.4
Return on net assets	9.2 <sup>2</sup>	11.7 <sup>2</sup>	9.2 <sup>2</sup>	11.7 <sup>2</sup>	10.0	9.2
Return on net assets <sup>1</sup>	12.1 <sup>2</sup>	11.8 <sup>2</sup>	12.1 <sup>2</sup>	11.8 <sup>2</sup>	11.4	12.1
EBIT interest cover, (x)	1.9	1.4	3.4	3.5	3.1	3.1
EBIT interest cover, (x) <sup>1</sup>	1.9	1.4	4.1	3.5	3.4	3.9
FFO interest cover, (x)	3.1	2.4	4.7	4.7	4.8	4.8
FFO interest cover, net, (x)	3.4	2.7	5.4	5.6	5.6	5.4
Cash flow interest cover after maintenance investments, (x)	3.4	3.8	4.0	4.6	4.3	3.9
FFO/gross debt	21.1 <sup>2</sup>	16.5 <sup>2</sup>	21.1 <sup>2</sup>	16.5 <sup>2</sup>	17.2	21.1
FFO/net debt	27.4 <sup>2</sup>	23.0 <sup>2</sup>	27.4 <sup>2</sup>	23.0 <sup>2</sup>	23.7	27.4
EBITDA/net financial items, (x)	3.8	4.0	6.2	6.6	6.5	6.2
EBITDA/net financial items, (x) <sup>1</sup>	3.8	4.0	7.0	6.6	6.9	7.2
Equity/total assets	25.6	23.0	25.6	23.0	23.7	25.6
Gross debt/equity	138.9	158.9	138.9	158.9	149.9	138.9
Net debt/equity	107.0	114.3	107.0	114.3	108.8	107.0
Gross debt/gross debt plus equity	58.1	61.4	58.1	61.4	60.0	58.1
Net debt/net debt plus equity	51.7	53.3	51.7	53.3	52.1	51.7
Net debt/EBITDA, (x)	2.6 <sup>2</sup>	3.3 <sup>2</sup>	2.6 <sup>2</sup>	3.3 <sup>2</sup>	3.0	2.6

1) Excl. items affecting comparability.

2) Last 12-month values.

## Quarterly information, Vattenfall Group

Amounts in SEK million	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
<b>Income statement</b>							
Net sales	37,665	49,713	70,657	65,405	45,346	42,128	52,528
Cost of products sold	-27,271	-36,343	-50,872	-55,993	-37,101	-32,788	-36,682
Other operating income and expenses, net	-4,748	-4,433	-9,772	-3,905	-5,018	-3,822	-3,470
Participations in the results of associated companies	183	26	102	166	297	363	484
Operating profit before depreciation and amortisation (EBITDA)	10,764	13,966	15,477	15,360	9,123	10,145	17,149
Operating profit (EBIT)	5,829	8,963	10,115	5,673	3,524	5,881	12,860
Financial items, net	-3,261	-2,132	-2,899	-2,995	-2,698	-2,408	-2,103
Financial items, net <sup>1</sup>	-2,858	-1,302	-2,327	-2,487	-2,292	-1,665	-1,550
Profit before tax	2,568	6,831	7,216	2,678	826	3,473	10,757
<b>Profit for the period</b>	<b>1,749</b>	<b>5,185</b>	<b>3,787</b>	<b>2,110</b>	<b>622</b>	<b>2,625</b>	<b>8,091</b>
– of which, attributable to owners of the Parent Company	1,597	5,077	3,746	1,858	831	2,456	7,751
– of which, attributable to minority interests	152	108	41	252	-209	169	340
<b>Balance sheet</b>							
Non-current assets	386,867	391,153	392,920	421,493	428,063	325,043	321,685
Short-term investments	26,841	24,365	22,952	46,385	41,240	19,476	23,256
Cash and cash equivalents	16,014	21,279	7,238	10,555	18,726	82,398	60,841
Other current assets	99,012	107,110	145,985	123,694	111,254	73,704	94,111
<b>Total assets</b>	<b>528,734</b>	<b>543,907</b>	<b>569,095</b>	<b>602,127</b>	<b>599,283</b>	<b>500,621</b>	<b>499,893</b>
Equity	135,605	140,215	139,461	142,404	137,668	145,060	150,485
– of which, attributable to owners of the Parent Company	128,953	133,572	132,889	135,620	130,870	133,752	139,577
– of which, attributable to minority interests	6,652	6,643	6,572	6,784	6,798	11,308	10,908
Capital Securities	9,081	9,414	9,646	10,250	10,128	10,728	10,856
Other interest-bearing liabilities	179,263	189,123	187,942	203,244	208,687	156,175	135,267
Pension provisions	18,393	18,994	19,390	20,690	19,884	20,849	20,993
Other interest-bearing provisions	67,584	66,963	67,788	70,410	67,842	68,227	69,387
Deferred tax liabilities	31,974	34,266	32,721	35,953	40,695	27,618	27,870
Other noninterest-bearing liabilities	86,834	84,932	112,147	119,176	114,379	71,964	85,035
<b>Total equity and liabilities</b>	<b>528,734</b>	<b>543,907</b>	<b>569,095</b>	<b>602,127</b>	<b>599,283</b>	<b>500,621</b>	<b>499,893</b>
Net assets	282,413	289,874	307,966	300,727	297,757	213,119	212,812
Net debt	-145,155	-151,071	-165,581	-154,987	-157,317	-63,478	-60,571
<b>Cash flow</b>							
Funds from operations (FFO)	6,939	11,679	9,820	11,375	3,997	2,568	18,760
Cash flow from changes in operating assets and operating liabilities	4,832	5,628	-7,561	1,755	7,154	7,869	-7,232
Cash flow from operating activities	11,771	17,307	2,259	13,130	11,151	10,437	11,528
Cash flow from investing activities	-11,017	-3,479	-8,756	-13,563	-53,294	-9,237	-6,946
Cash flow before financing activities	754	13,828	-6,497	-433	-42,143	1,200	4,582
Changes in short-term investments	-3,390	-2,010	8,478	-1,424	-23,871	3,782	-4,098
Loans raised/Amortisation of debt, net, etc.	-3,238	6,940	-4,828	-5,501	3,071	23,522	39,321
Dividends paid to owners	-13	-5,277	-17	-3	-9	-6,941	-27
Cash flow from financing activities	-6,641	-347	3,633	-6,928	-20,809	20,363	35,196
<b>Cash flow for the period</b>	<b>-5,887</b>	<b>13,481</b>	<b>-2,864</b>	<b>-7,361</b>	<b>-62,952</b>	<b>21,563</b>	<b>39,778</b>
Free cash flow	7,260	14,288	-1,057	6,436	7,081	5,594	8,455

1) Excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund.

## Quarterly information, Vattenfall Group (cont.)

### Key ratios (definitions and calculations of key ratios on pages 30–31)

In % unless otherwise stated. (x) means times	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Return on equity <sup>1</sup>	9.3	8.7	6.6	9.5	11.0	12.5	13.9
Return on equity <sup>1,2</sup>	15.4	14.6	12.5	11.4	11.1	12.6	14.1
Return on net assets <sup>1</sup>	9.2	8.6	8.1	10.0	11.7	13.9	14.9
Return on net assets <sup>1,2</sup>	12.1	11.6	11.4	11.4	11.8	14.0	15.1
EBIT interest cover, (x)	1.9	5.7	3.9	2.1	1.4	3.1	6.8
EBIT interest cover, (x) <sup>2</sup>	1.9	5.7	5.9	3.4	1.4	3.1	6.8
FFO interest cover, (x) <sup>1</sup>	21.1	18.6	14.0	17.2	16.5	24.5	25.8
FFO interest cover, net, (x) <sup>1</sup>	27.4	24.4	16.8	23.7	23.0	64.4	62.2
Equity/assets ratio	25.6	25.8	24.5	23.7	23.0	29.0	30.1
Gross debt/equity	138.9	141.6	141.7	149.9	158.9	115.1	97.1
Net debt/equity	107.0	107.7	118.7	108.8	114.3	43.8	40.3
Net debt/net debt plus equity	51.7	51.9	54.3	52.1	53.3	30.4	28.7
Net debt/EBITDA, (x) <sup>1</sup>	2.6	2.8	3.3	3.0	3.3	1.3	1.3

1) Last 12-month values.

2) Excl. items affecting comparability.

## Exchange rates

Key exchange rates applied in the accounts of the Vattenfall Group:

	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Full year 2009		30 September 2010	30 September 2009	31 December 2009
<b>Average rate</b>						<b>Balance sheet date rate</b>			
EUR	9.3779	10.4168	9.6818	10.7057	10.6354	EUR	9.1600	10.2350	10.3530
DKK	1.2591	1.3993	1.3005	1.4375	1.4282	DKK	1.2295	1.3750	1.3915
GBP	11.2825	11.9675	11.2810	11.9710	11.8664	GBP	10.6750	11.2600	11.4850
NOK	1.1785	1.1939	1.2067	1.2023	1.2105	NOK	1.1500	1.2010	1.2430
PLN	2.3250	2.4550	2.4100	2.4440	2.4546	PLN	2.3000	2.4200	2.5000
USD	7.2938	7.3000	7.3213	7.8170	7.6431	USD	6.7375	7.0075	7.2125

## Parent Company income statement

Amounts in SEK million	Q1-Q3 2010	Q1-Q3 2009	Full year 2009
Net sales	27,271	22,112	29,745
Cost of products sold	-14,566	-13,024	-17,712
<b>Gross profit</b>	<b>12,705</b>	<b>9,088</b>	<b>12,033</b>
Selling expenses, administrative expenses and research and development costs	-2,122	-2,083	-2,119
Other operating income and expenses, net	78	34	46
<b>Operating profit (EBIT)</b>	<b>10,661</b>	<b>7,039</b>	<b>9,960</b>
Result from participations in Group companies	11,134	57	-1,532
Result from participations in associated companies	1	644	682
Result from other shares and participations	73	89	616
Interest income and similar profit/loss items	20,086	11,910	10,125
Interest expenses and similar profit/loss items	-5,511	-5,525	-7,952
<b>Profit before appropriations and tax</b>	<b>36,444</b>	<b>14,214</b>	<b>11,899</b>
Appropriations	68	340	-2,680
<b>Profit before tax</b>	<b>36,512</b>	<b>14,554</b>	<b>9,219</b>
Income tax expense	-6,913	-3,612	-2,622
<b>Profit for the period</b>	<b>29,599</b>	<b>10,942</b>	<b>6,597</b>

## Parent Company balance sheet

Amounts in SEK million	30 September 2010	30 September 2009	31 December 2009
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	158	138	145
Property, plant and equipment	21,685	20,795	21,144
Other non-current assets	250,721	211,865	209,056
<b>Total non-current assets</b>	<b>272,564</b>	<b>232,798</b>	<b>230,345</b>
<b>Current assets</b>			
Inventories	323	361	361
Intangible assets: current	509	556	762
Current receivables	24,336	42,317	51,282
Short-term investments	22,380	—	—
Cash and cash equivalents	12,696	246	281
<b>Total current assets</b>	<b>60,244</b>	<b>43,480</b>	<b>52,686</b>
<b>Total assets</b>	<b>332,808</b>	<b>276,278</b>	<b>283,031</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital	6,585	6,585	6,585
Statutory reserve	1,286	1,286	1,286
Non-restricted equity			
Retained earnings	47,903	41,156	44,718
Profit for the period	29,599	10,942	6,597
<b>Total equity</b>	<b>85,373</b>	<b>59,969</b>	<b>59,186</b>
<b>Untaxed reserves</b>	<b>10,150</b>	<b>7,154</b>	<b>10,175</b>
<b>Provisions</b>	<b>147</b>	<b>359</b>	<b>183</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	149,078	182,652	181,863
Deferred tax liabilities	294	—	—
Other non-current noninterest-bearing liabilities	4,067	2,894	3,138
<b>Total non-current liabilities</b>	<b>153,439</b>	<b>185,546</b>	<b>185,001</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	60,015	—	1,458
Current tax liabilities	5,504	665	461
Other current noninterest-bearing liabilities	18,180	22,585	26,567
<b>Total current liabilities</b>	<b>83,699</b>	<b>23,250</b>	<b>28,486</b>
<b>Total equity and liabilities</b>	<b>332,808</b>	<b>276,278</b>	<b>283,031</b>

## Accounting policies, risks and uncertainties, and the Parent Company's interim report

### Group

#### Accounting policies

The consolidated accounts for the first three quarters of 2010 have, as in the year-end accounts for 2009, been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act.

This interim report for the Group has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, and the Swedish Annual Accounts Act.

The accounting policies applied in this interim report are the same as those described in Vattenfall's 2009 Annual Report (Note 2 to the consolidated accounts), with exception for the new and amended IFRSs standards and IFRIC interpretations endorsed by the EU and described below, which are effective as of the 2010 financial year.

#### Adjustment of comparative figures

An analysis of the changes in operating receivables and operating liabilities in the cash flow statement during 2009 and 2010 has shown that certain non-cash transactions concerning CO<sub>2</sub>-certificates have been accounted gross, where net accounting better reflects the respective changes in operating receivables and liabilities. Certain amounts for changes in operating receivables and operating liabilities have therefore been adjusted compared with previously published information without changing the respective period's total working capital.

An associated company which since 31 December 2009 was classified as an asset held for sale but which no longer meets the criteria to be classified as such is, as of Q3 2010, once again accounted for using the equity method. The value of the associated company according to the balance sheet, included in Assets held for sale, has been reversed to

Participations in associated companies for balance sheets published since 31 December 2009. Since the accumulated impact on profit for the first half of 2010 is marginal, the income statements for Q1 2010 and Q1-2 2010 have not been adjusted.

#### New and amended IFRSs standards and IFRIC interpretations

Amendments in IFRS 2 – *Share-based Payment*, “Group Cash-settled Share-based Payment Transactions” clarify the accounting for certain intra-Group share-based payments and entail that IFRIC 8 – *Scope of IFRS 2* and IFRIC 11 – *Group and Treasury Share Transactions* is incorporated in IFRS 2. IFRS 2 is not relevant for Vattenfall.

Revised IFRS 3 – *Business Combinations* continues to prescribe that acquisition method be applied for business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as liabilities subsequently remeasured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs shall be expensed. Vattenfall applies the revised IFRS 3 prospectively to all business combinations from 1 January 2010.

Amendments in IAS 27 – *Consolidated and Separate Financial Statements* require the effects of all transactions with minority interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard states that when a parent company's control is lost, any remaining interest in the entity is remeasured to fair value, and the gain or loss is recognised in the income statement. Vattenfall applies the amended IAS 27 to transactions with minority interests from 1 January 2010

Amendments in IAS 32 – *Classification of Right Issues*. Rights denominated in a currency other than the company's functional currency are classified as equity instruments under certain conditions. The amendments are not relevant for Vattenfall.

Amendment in IAS 39 – *Financial Instruments: Recognition and Measurement* clarifies the application of the principles for hedge accounting. It clarifies the designation of a one-sided risk in the hedged item and inflation in a hedged item. The amendment has had no impact on Vattenfall's financial statements.

“*Improvements to IFRSs*” (issued in April 2009) aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement including changes in terminology or amendments of an editorial nature. These amendments have had no or minimal impact on Vattenfall's financial statements.

IFRIC 12 – *Service Concession Arrangements*. The interpretation provides, among other things, general principles on recognising and measuring the obligations and related rights and assets in service concession arrangements. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 15 – *Agreements for the Construction of Real Estate* clarifies when construction and sales of real estate shall be accounted for according to IAS 11 – *Construction Contracts*, or IAS 18 – *Revenue*, respectively. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation* clarifies the accounting treatment in respect of net investments in foreign operations. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 17 – *Distribution of Non-cash Assets to Owners* addresses questions on the situation when a dividend is distributed by using other assets than cash. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 18 – *Transfers of Assets from Customers*. The interpretation clarifies the accounting treatment of assets or cash transferred from a customer and thereafter used to provide the customer with goods and services. The interpretation has resulted in a change in the accounting for certain connection fees received by Vattenfall, which has had a marginal impact on Vattenfall's financial statements.

#### **Risks and uncertainties**

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2009 Annual Report, pages 75–81. No other material changes, other than what is stated in this interim report, have taken place since publication of the 2009 Annual Report.

#### **Other**

Significant related-party transactions are described in Note 53 to the consolidated accounts in Vattenfall's 2009 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2009 Annual Report.

### **Parent Company Vattenfall AB**

#### **Accounting policies**

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – *Accounting for Legal Entities*, issued by the Swedish Financial Reporting Board.

The accounting policies used in this report are the same as those described in Vattenfall's 2009 Annual Report (Note 2 to the Parent Company accounts).

#### **First three quarters of 2010**

A condensed income statement and balance sheet for the Parent Company are presented on page 27 of this report.

Effective 1 May 2010 Vattenfall Treasury AB, which is responsible for co-ordinating borrowing, liquidity management and the management of associated risk exposure for the Vattenfall Group, merged with Vattenfall AB. This organisational change means that, from this date, Vattenfall Treasury AB's counterparties deal directly with the Parent Company Vattenfall AB, which previously guaranteed all of Vattenfall Treasury AB's business. The increase in the Parent Company's equity as a result of the merger was SEK 1,924 million.

Sales amounted to SEK 27,271 million (22,112).

Profit before appropriations and tax was SEK 36,444 million (14,214). The improvement in earnings compared with the preceding year is attributable to intra-Group dividends of SEK 11,134 million and positive currency effects of SEK 17,485 million.

The balance sheet total amounted to SEK 332,808 million (276,278). The increase in the Parent Company's balance sheet total is attributable to the merger with Vattenfall Treasury AB

Investments for the period amounted to SEK 1,433 million (58,972).

Cash and cash equivalents and Short-term investments

amounted to SEK 35,076 million (246) as a result of the merger with Vattenfall Treasury AB.

#### **Risks and uncertainties**

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2009 Annual Report, pages 75–81. No material changes, other than what is stated in this report, have taken place since publication of the 2009 Annual Report.

#### **Other**

Significant related-party transactions are described in Note 40 to the Parent Company accounts in Vattenfall's 2009 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2009 Annual Report.

Stockholm, 28 October 2010

Øystein Løseth  
President and CEO

This interim report has not been reviewed by the company's auditors.

The information in this interim report is such that Vattenfall is obligated to disclose pursuant to the Swedish Securities Market Act.

## Definitions and calculations of key ratios

Figures for the Group in 2010. Amounts in SEK million unless otherwise stated.

**EBIT** = Earnings Before Interest and Tax.

**EBITDA** = Earnings Before Interest, Tax, Depreciation and Amortisation.

**FFO** = Funds From Operations.

**Items affecting comparability** = Capital gains and capital losses from shares and other non-current assets, impairment losses and impairment losses reversed pertaining to non-current assets, and other non-recurring items.

**Free cash flow** = Cash flow from operating activities less maintenance investments.

**Capital Securities** = Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments. Reported as interest-bearing non-current liabilities.

**Net assets** = Balance sheet total less noninterest-bearing liabilities, provisions, interest-bearing receivables, funds in the Swedish Nuclear Waste Fund, cash and cash equivalents, short-term investments.

**Net debt** = Interest-bearing liabilities less loans to minority owners in foreign subsidiaries, cash and cash equivalents, short-term investments.

The key ratios are presented as percentages (%) or times (x).

**Key ratios based on last 12-month values (October 2009–September 2010):**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	$\frac{30,580}{223,440}$	=	<b>13.7</b>
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Operating profit (EBIT) excl. items affecting comparability}}{\text{Net sales}}$	$\frac{39,337}{223,440}$	=	<b>17.6</b>
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{19,293}{223,440}$	=	<b>8.6</b>
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{28,005}{223,440}$	=	<b>12.5</b>
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owners of the Parent Company}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{12,278}{131,715}$	=	<b>9.3</b>
<b>Return on equity excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owners of the Parent Company excl. items affecting comparability}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{20,229}{131,715}$	=	<b>15.4</b>
<b>Return on net assets, %</b>	= 100 x	$\frac{\text{Operating profit (EBIT) + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{27,344}{297,163}$	=	<b>9.2</b>
<b>Return on net assets excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Operating profit (EBIT) excl. items affecting comparability + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{36,101}{297,163}$	=	<b>12.1</b>
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{32,064}{10,458}$	=	<b>3.1</b>



EBIT interest cover excl. items affecting comparability, (x) =	Operating profit (EBIT) excl. items affecting comparability + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	40,821	=	3.9
	Financial expenses excl. discounting effects attributable to provisions	10,458		
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	50,271	=	4.8
	Financial expenses excl. discounting effects attributable to provisions	10,458		
FFO interest cover, net, (x) =	Funds from operations (FFO) + net financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	48,787	=	5.4
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	8,974		
Cash flow interest cover after maintenance investments, (x) =	Cash flow from operating activities less maintenance investments + financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	36,159	=	3.9
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	9,232		
FFO/gross debt, % = 100 x	Funds from operations (FFO)	39,813	=	21.1
	Interest-bearing liabilities	188,344		
FFO/net debt, % = 100 x	Funds from operations (FFO)	39,813	=	27.4
	Net debt	145,155		
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	55,567	=	6.2
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	8,974		
EBITDA excl. items affecting comparability/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	64,324	=	7.2
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	8,974		
<b>Key ratios based on the balance sheet per 30 September, 2010:</b>				
Equity/total assets, % = 100 x	Equity	135,605	=	25.6
	Balance sheet total	528,734		
Gross debt/equity, % = 100 x	Interest-bearing liabilities	188,344	=	138.9
	Equity	135,605		
Net debt/equity, % = 100 x	Net debt	145,155	=	107.0
	Equity	135,605		
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	188,344	=	58.1
	Interest-bearing liabilities + equity	323,949		
Net debt/net debt plus equity, % = 100 x	Net debt	145,155	=	51.7
	Net debt + equity	280,760		
Net debt/EBITDA, (x) =	Net debt	145,155	=	2.6
	Operating profit before depreciation and amortisation (EBITDA)	55,567		



Vattenfall AB (publ)  
SE-162 87 Stockholm, Sweden  
Visitors' address: Sturegatan 10  
Corporate Identity Number 556036-2138

Tel. +46 8 739 50 00

[www.vattenfall.com](http://www.vattenfall.com)  
[www.vattenfall.se](http://www.vattenfall.se)