

2011

Interim Report January–September

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All comparison figures in this report pertain
to the third quarter of 2010, unless indicated
otherwise.

This is a translation of the Swedish original.
In the event of any discrepancy, the Swedish
version shall govern.

Consolidation on track and improved underlying operating profit

- Net sales rose 1.6% during the third quarter, to SEK 38,276 million (37,665). For the nine-month period January–September, net sales decreased by 17.4% to SEK 130,587 million (158,035).
- Operating profit for the third quarter decreased by 23.7% to SEK 4,447 million (5,829). For the nine-month period January–September, operating profit decreased by 47.6% to SEK 13,050 million (24,907). Excluding items affecting comparability¹, operating profit for the first nine months of the year decreased by 32.2% to SEK 20,478 million (30,220).
- The underlying operating profit for the third quarter, i.e., operating profit excluding items affecting comparability and fair valuation of energy derivatives and inventories, improved by 6.8% to SEK 5,950 million (5,571).
- Profit after tax decreased by 23.1% to SEK 1,345 million (SEK 1,749) for the third quarter and by 50.4% to SEK 5,313 million (10,721) for the nine-month period January–September. Excluding items affecting comparability, profit after tax decreased by 36.0% to SEK 10,239 million (15,986) for the first nine months of the year.

1) Items affecting comparability are specified on page 5.

Third quarter 2011 - net sales, profit, cash flow and debt

Consolidated net sales increased marginally, by 1.6%, to SEK 38,276 million (37,665). Operating profit decreased by 23.7% to SEK 4,447 million (5,829). The drop in operating profit is mainly due to lower fair valuation of energy derivatives and inventories, and lower electricity volumes. Higher average prices received, improved profitability for electricity sales, and lower costs for operations and maintenance had a positive effect on operating profit. Currency movements had no major effect on the change in operating profit. The underlying operating profit, i.e., excluding items affecting comparability and fair valuation of energy derivatives and inventories, improved.

Profit for the period (after tax) decreased by 23.1% to SEK 1,345 million (1,749). Return on equity was 6.3%, and the return on net assets was 5.3% on a last 12-month basis. Excluding items affecting comparability, return on equity was 13.8%, and the return on net assets was 9.6%. Vattenfall's long-term target 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 5.1 on a last 12-month basis, which is higher than the target interval of 3.5–4.5.

Funds from operations (FFO) increased by 42.0% to SEK 9,855 million (6,939), mainly as a result of lower paid tax and lower interest payments. Net debt as per 30 September 2011 amounted to SEK 143,808 million, compared with SEK 142,153 million on 30 June 2011. The increase is mainly attributable to the weaker Swedish krona on the balance sheet date. FFO in relation to adjusted net debt according to Vattenfall's definition was 22.1%. For detailed information on net debt, see page 23.

The Group's total investments amounted to SEK 22,660 million (11,281), of which the payment for an additional 15% of the shares in N.V. Nuon Energy as planned amounted to SEK 13,540 million. Vattenfall thereafter owns 64% of the shares in N.V. Nuon Energy, but has had control since 1 July 2009, which is why the company has been consolidated in Vattenfall's accounts. For further information about investment activities, see page 7.

Since the first quarter of 2011 Vattenfall has been reporting its operations broken down into three operating seg-



"The lower earnings for the third quarter than the corresponding period a year ago is mainly due to lower fair valuation of energy derivatives and inventories. Underlying profit has improved. During the third quarter Vattenfall delivered on its strategy to improve operational efficiency, consolidate the company's financial position and focus on the three core markets of Sweden, Germany and the Netherlands. Our SEK 6 billion cost-cutting programme is on track, and we have reached agreements to sell our operations in Belgium and Poland for approximately SEK 17 billion."

Øystein Løseth
President and CEO

ments: Generation, Distribution and Sales, and Renewables.

Following is a breakdown of operating profit for these operating segments during the third quarter of 2011:

- Operating profit for Generation decreased by SEK 2,199 million to SEK 3,986 million. The decrease is mainly due to lower fair valuation of energy derivatives and inventories, and lower electricity volumes.
- Operating profit for Distribution and Sales increased by SEK 639 million to SEK 1,027 million.
- Operating profit for Renewables improved by SEK 259 million to SEK -60 million.

For further information about the Group's operating segments, see pages 11–17.

Electricity generation, sales of heat and gas in Q3 2011

Vattenfall's electricity generation decreased by 3.5%, to 35.5 TWh (36.8). Hydro power generation increased by 3.8% to 8.2 TWh (7.9); nuclear power generation decreased by 6.3% to 8.9 TWh (9.5); fossil-based power generation decreased by 6.4% to 17.5 TWh (18.7); wind power generation increased from 0.5 TWh to 0.7 TWh. Electricity generation based on biomass and waste was unchanged at 0.2 TWh. Sales of heat decreased by 7.1% to 3.9 TWh (4.2). Sales of gas decreased to 5.9 TWh (6.0). For further information, see page 8.

Wholesale price trend for electricity and CO₂ emission allowances

Compared with the third quarter of 2010, the average spot price on Nord Pool was 22% lower (EUR 35.95/MWh compared with EUR 45.90/MWh). The hydrological balance in the Nordic countries improved during the third quarter to +10.9 TWh at the end of September, from -1.0 TWh at the end of June.

In Germany, the average spot price (EPEX Spot) was 12% higher than in the corresponding quarter in 2010 (EUR 49.21/MWh, compared with EUR 43.83/MWh). In the Netherlands, the average spot price was 6% higher (EUR 47.36/MWh, compared with EUR 44.61/MWh). Futures prices fell in the Nordic countries as well as in Germany and the Nether-

lands. The Nordic futures contracts for deliveries in 2012 and 2013 were on average of 8% and 5% lower, respectively, than during the second quarter of 2011, while the corresponding contracts in Germany and the Netherlands were 2%–3% lower. Vattenfall continuously hedges most of its planned electricity generation in the futures and forward markets, which is why spot prices have only a limited impact on Vattenfall's earnings.

Prices of CO₂ emission allowances were traded at a level that was 18% lower than in the third quarter of 2010. At the end of September 2011, they were quoted at EUR 10.74/tonne. For further information and price charts, see pages 9–10.

Group, January–September 2011

Net sales decreased by 17.4% to SEK 130,587 million (158,035). The decrease is mainly attributable to the sale of Vattenfall's German transmission business, which was completed in May 2010. Currency movements had a negative effect on net sales, by SEK 6.8 billion. Operating profit decreased by 47.6% to SEK 13,050 million (24,907). Excluding items affecting comparability, operating profit decreased by 32.2% to SEK 20,478 million (30,220). Currency movements had a negative effect on operating profit, by SEK 0.9 billion.

Profit for the period after tax decreased by 50.4% to SEK 5,313 million (10,721); excluding items affecting comparability, profit for the period after tax decreased by 36.0% to SEK 10,239 million (15,986). Funds from operations (FFO) amounted to SEK 28,136 million (28,438). Net debt decreased by SEK 301 million to SEK 143,808 million compared with 31 December 2010.

Vattenfall's electricity generation decreased by 2.4% to 123.0 TWh (126.0). Hydro power generation decreased by 7.7% to 24.0 TWh (26.0); nuclear power generation increased by 3.7% to 33.6 TWh (22.9); fossil-based power generation decreased by 4.8% to 62.1 TWh (65.2); wind power generation nearly doubled to 2.3 TWh (1.3). Sales of heat decreased by 5.3% to 26.9 TWh (28.4). Sales of gas decreased by 10.0% to 37.1 TWh (41.2). For further information, see page 8.

Important events during the third quarter of 2011

Consolidation work on track

Vattenfall's work on improving operational efficiency and consolidating the company is on track.

- The goal is to reduce annual costs by SEK 6 billion by year-end 2013. A level of SEK 1.5 billion has been reached as per September 2011.
- Three additional agreements have been reached on sales of non-core assets. See further information below.
- The adaptation of the investment programme is continuing.

Divestment of non-core assets

As part of Vattenfall's new strategic direction, entailing among other things a focus on the core markets of Sweden, Germany and the Netherlands, a number of divestments have been made. These amounted to a combined total of approximately SEK 6.6 billion. Total capital gains for the quarter amounted to SEK 2.3 billion.

In July Vattenfall reached an agreement with the Italian energy company Eni on the sale of Vattenfall's operations in Belgium, based on an enterprise value of EUR 157 million (approximately SEK 1.4 billion). The sale covers Nuon Belgium N.V., which services approximately 550,000 electricity and gas connections, and the subsidiaries Nuon Wind Belgium N.V. and Nuon Power Generation Walloon N.V. The sale of these operations is expected to be completed at year-end 2011 once approval has been received from the European competition authorities.

In August Vattenfall reached an agreement with the Polish company PGNiG S.A. on the sale of Vattenfall Heat Poland S.A. (VHP), Warsaw's leading supplier of heat and electricity. Vattenfall also reached an agreement with Polish energy supplier Tauron S.A. on the sale of Vattenfall's Gornoslaski Zaklad Elektroenergetyczny (GZE), the leading electricity distribution, network services and electricity sales company in Upper Silesia. The enterprise value for VHP is approximately PLN 3.7 billion, or SEK 7.8 billion. The enterprise value for GZE is approximately PLN 3.5 billion, or SEK 7.4 billion. The transactions are expected to be completed at year-end

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

Amounts in SEK million, unless indicated otherwise	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %	Full year 2010	Last 12 months
Net sales	38,276	37,665	1.6	130,587	158,035	-17.4	213,572	186,124
Operating profit before depreciation and amortisation (EBITDA)	9,593	10,685	-10.2	39,091	45,351	-13.8	60,706	54,446
Operating profit (EBIT)	4,447	5,829	-23.7	13,050	24,907	-47.6	29,853	17,996
Operating profit excl. items affecting comparability	4,418	5,908	-25.2	20,478	30,220	-32.2	39,952	30,210
Financial items, net	-2,800	-3,261	14.1	-6,283	-8,292	24.2	-8,430	-6,421
Profit before tax	1,647	2,568	-35.9	6,767	16,615	-59.3	21,423	11,575
Profit for the period	1,345	1,749	-23.1	5,313	10,721	-50.4	13,185	7,777
– of which, attributable to owners of the Parent Company	1,106	1,597	-30.7	5,481	10,420	-47.4	12,997	8,058
– of which, attributable to non-controlling interests (minority interests)	239	152	57.2	-168	301	—	188	-281
Return on equity, %	6.3 ¹	9.3 ¹	—	6.3 ¹	9.3 ¹	—	10.0	6.3
Return on net assets, %	5.3 ¹	9.2 ¹	—	5.3 ¹	9.2 ¹	—	9.1	5.3
Funds from operations (FFO)	9,855	6,939	42.0	28,136	28,438	-1.1	40,108	39,806
Cash flow before financing activities	-9,896	754	—	22	8,085	-99.7	6,448	-1,615
Free cash flow	6,434	7,260	-11.4	19,907	20,491	-2.9	23,846	23,262
Cash and cash equivalents plus short-term investments	31,346	42,855	-26.9	31,346	42,855	-26.9	43,873	
Balance sheet total	524,488	528,734	-0.8	524,488	528,734	-0.8	541,432	
Equity incl. non-controlling interests (minority interests)	133,223	135,605	-1.8	133,223	135,605	-1.8	133,621	
Capital Securities	9,207	9,081	1.4	9,207	9,081	1.4	8,929	
Other interest-bearing liabilities	166,548	179,263	-7.1	166,548	179,263	-7.1	179,348	
Net debt	143,808	145,155	-0.9	143,808	145,155	-0.9	144,109	
Net debt/operating profit before depreciation and amortisation (EBITDA), times	2.6 ¹	2.4 ¹	—	2.6 ¹	2.4 ¹	—	2.4	

1) Last 12-month values.

See pages 34–35 for definitions and calculations of key ratios.

2011 once approval has been received from the European competition authorities.

Analysis work concerning new nuclear power in Sweden

The issue of construction of new nuclear power in Sweden was discussed in the Swedish media during the quarter. In October Vattenfall announced that the company has initiated an intensified analysis to ascertain the conditions for new nuclear power reactors in Sweden. The analysis aims to show which criteria must be met in order for an investment in new reactors to be profitable and in accordance with the return targets set for Vattenfall. The analysis also aims to

determine what steps the company needs to take to meet the associated high safety and environmental standards.

Study of routines for remuneration of senior executives and managers

Against the background of the attention aroused by severance payments in spring 2011, by order of the Board of Directors, Vattenfall conducted a survey during the quarter of contracts for 16 senior executives and 228 senior managers. The following measures have been taken to ensure compliance with the government's guidelines:

- All terms and conditions in conflict with the guidelines are

being renegotiated to the extent permitted by applicable laws and collective agreements.

- Procedures relating to remuneration terms and conditions have been centralised.
- Joint principles for benefits have been developed.
- The decision-making process for terms, conditions and remuneration of senior executives and senior managers has been strengthened.
- The roles and responsibilities of the Board, the remuneration committee and company management have been clarified.

Sales, profit and cash flow

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %
Net sales	38,276	37,665	1.6	130,587	158,035	-17.4

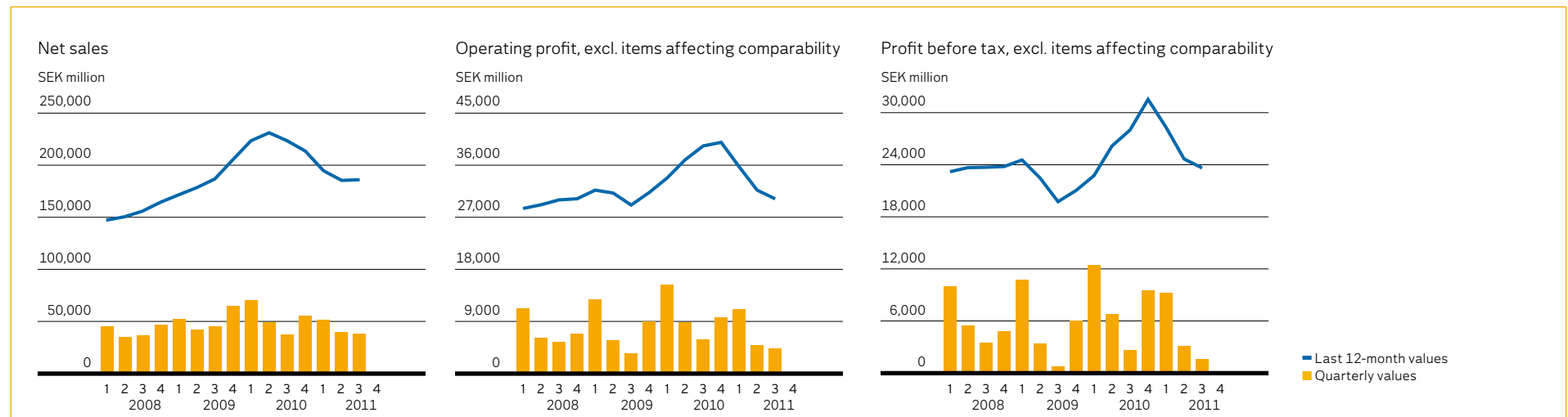
Comment: Consolidated net sales increased marginally, by SEK 0.6 billion.

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %
Operating profit (EBIT)	4,447	5,829	-23.7	13,050	24,907	-47.6
Operating profit (EBIT) excl. items affecting comparability	4,418	5,908	-25.2	20,478	30,220	-32.2

Comment: Operating profit decreased by SEK 1.4 billion in the third quarter, mainly on account of the following:

- Fair valuation of energy derivatives in Vattenfall's hedging operation, which does not meet the requirements for hedge accounting according to IAS 39 (SEK -1.2 billion)
- Fair valuation of certain imbedded derivatives (SEK -0.4 billion)
- Fair valuation of inventories (SEK -0.3 billion)
- Lower electricity volumes (SEK -0.8 billion)
- Average higher electricity prices received and improved profitability in the electricity sales operation (SEK 1.2 billion). Vattenfall continuously hedges most of its planned electricity generation in the futures and forward markets, which is why spot prices have only a limited impact on Vattenfall's earnings
- Lower net costs for operations, maintenance, sales and administration (SEK 0.3 billion)
- Other items, net (SEK -0.2 billion)

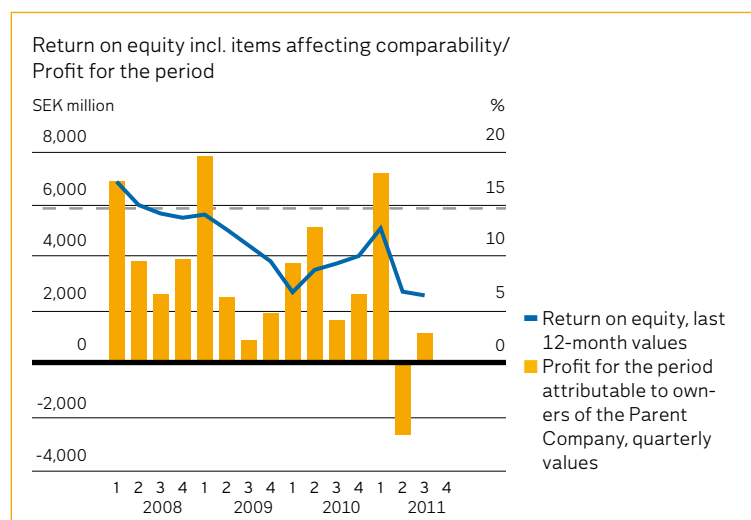
Excluding items affecting comparability, operating profit for the third quarter decreased by SEK 1.5 billion. Items affecting comparability consisted mainly of a capital gain on the sale of Vattenfall's Engineering consulting business in Sweden (SEK 0.2 billion).



Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %
Funds from operations (FFO)	9,855	6,939	42.0	28,136	28,438	-1.1
Cash flow from changes in operating assets and operating liabilities (working capital)	932	4,832	-80.7	2,053	2,899	-29.2
Cash flow from operating activities	10,787	11,771	-8.4	30,189	31,337	-3.7

Comment: Funds from operations (FFO) increased by SEK 2.9 billion. The increase is mainly attributable to higher average prices received, lower costs, lower interest payments and in Germany lower paid tax. The lower tax is the result of lower earnings in the German operations stemming from impairment losses for Vattenfall's nuclear power assets in Germany during the second quarter and an increase in provisions for nuclear power in Germany. Cash flow from changes in working capital increased by SEK 0.9 billion compared with the second quarter of 2011. This is mainly due to a decrease in operating receivables.

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %
Net financial items	-2,800	-3,261	14.1	-6,283	-8,292	24.2
– of which, interest income from financial investments	297	304	-2.4	835	833	0.2
– of which, interest expenses for loans	-1,475	-1,593	7.4	-4,641	-4,847	4.3
Interest received	173	230	-24.8	555	667	-16.8
Interest paid	-658	-1,097	40.0	-4,619	-4,012	-15.1
Average monthly net interest expense	-393	-429		-423	-446	



Items affecting comparability (IAC)

Amounts in SEK million	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010
Capital gains	175	34	2,319	144	195
Capital losses	-44	-193	-80	-317	-444
Impairment losses	-103	79	-10,794	-5,146	-11,152
Reversed impairment losses	1	1	7	6	1,302
Other items affecting comparability	-	-	1,120	-	-
Total	29	-79	-7,428	-5,313	-10,099

Comment: Items affecting comparability for the nine-month period January–September amounted to SEK -7,428 million, net, of which SEK -10,320 million pertains to impairment losses for the Brunsbüttel and Krümmel nuclear power plants in Germany and provisions for dismantling and handling nuclear fuel. Items affecting comparability for the corresponding period a year ago totalled SEK -5,313 million, mainly attributable to the sale of Vattenfall's German transmission business, which was completed in May 2010.

Financial position

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	Change %
Cash and cash equivalents, and short-term investments	31,346	42,855	-26.9
Committed credit facilities (unutilised)	42,279	9,260	356.6
Other credit facilities (unutilised)	4,138	8,101	-48.9

Comment: Committed credit facilities consist of a EUR 2.55 billion Revolving Credit Facility that expires on 20 January 2016, a EUR 1 billion Revolving Credit Facility that expires on 23 February 2013, and a EUR 1.3 billion revolving Multi Option Facility (unutilised amount EUR 1 billion), signed in August 2011. 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 Sept. 2011	30 Sept. 2010	Change %
Net debt	143,808	145,155	-0.9
Interest-bearing liabilities	175,755	188,344	-6.7
Average interest rate, % ¹	3.9	3.5	11.4
Duration, years ¹	4.3	4.5	-4.4
Average time to maturity, years ¹	6.3	6.6	-4.5

1) Excluding Capital Securities and loans from owners with non-controlling interests (minority owners) and associated companies.

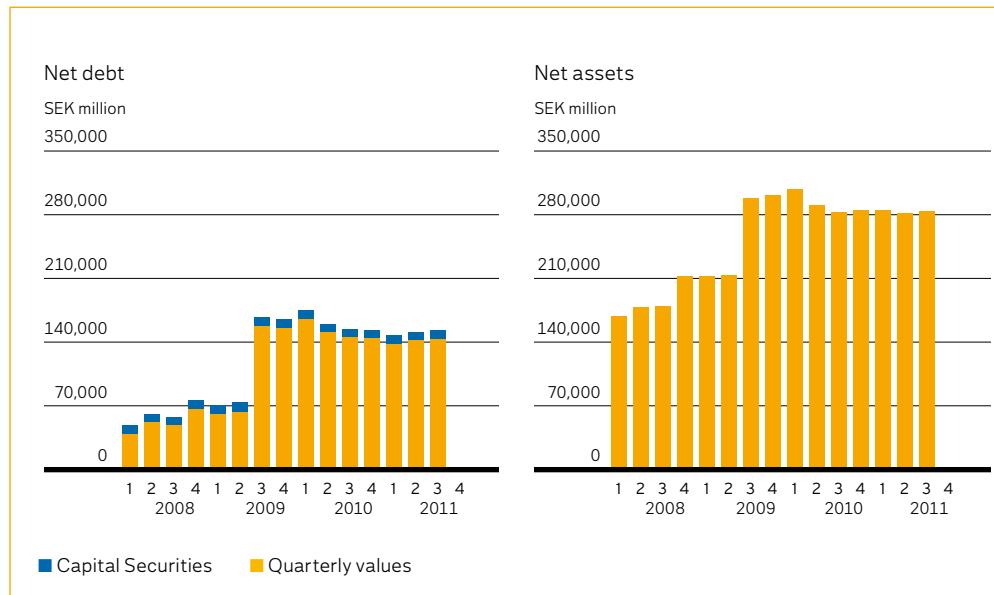
Comment: Compared with 30 September 2010, net debt decreased by SEK 1.3 billion, and total interest-bearing liabilities decreased by SEK 12.6 billion.

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	Change %
Equity attributable to owners of the Parent Company	126,032	128,953	-2.3
Non-controlling interests (minority interests)	7,191	6,652	8.1
Total	133,223	135,605	-1.8

Comment: For a specification of changes in equity, see page 26.

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.



Investments

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	Change %
Maintenance investments	4,353	4,511	-3.5
Growth investments	18,307	6,770	170.4
— of which, shares	13,590	37	—
Total investments	22,660	11,281	100.9

Specification of investments

Amounts in SEK million	Q3 2011	Q3 2010	Last 12 months
Electricity generation			
Hydro power	258	198	1,004
Nuclear power	1,198	1,144	4,451
Fossil-based power	3,533	3,627	13,969
Wind power	636	2,504	3,018
Biomass, waste	50	271	-61
Other	279	543	1,617
Total Electricity generation	5,953	8,287	23,998
Thermal power, heat			
Fossil-based power	1,047	573	2,676
Biomass, waste	81	164	306
Other	235	189	1,267
Total thermal power, heat	1,363	925	4,249
Electricity networks			
Electricity networks	1,292	937	5,102
Total Electricity networks	1,292	937	5,102
Acquisitions of shares	13,590	37	13,724
Other, excl. shares	462	1,095	2,246
Total	22,660	11,281	49,318

Comment: In July an additional 15% of the shares in N.V. Nuon Energy were acquired. Vattenfall thereafter owns 64% of the shares in N.V. Nuon Energy, although it has had control since 1 July 2009, which is why the company has been consolidated in Vattenfall's accounts. Growth investments continue to be made in the coal-based Boxberg and Moorburg power plants in Germany, and in three gas-fired power plants in the Netherlands. Work is in progress on the Ormonde offshore wind farm in the UK, which is expected to be fully operating in the fourth quarter of 2011. The relatively low level of investment in wind power during the third quarter of 2011 is due to the fact that no major purchases were made during the period.

Divestments

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	Change %
Divestments	2,003	259	673.4
— of which, shares	1,544	34	—

Comment: Divestments during the third quarter of 2011 pertain to the sale of Vattenfall's 21.3% interest in the German energy company ENSO to EnergieVerbund Dresden GmbH (EVD).

Employees

Number of employees, full-time equivalents	30 Sept. 2011	30 Sept. 2010	Change %
Generation	17,114	17,413	-1.7
Distribution and Sales	14,604	15,114	-3.4
Renewables	341	317	7.6
Other	5,481	5,594	-2.0
Total	37,540	38,438	-2.3

Electricity generation, sales of heat and gas

	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %	Full year 2010
Electricity generation, TWh							
Hydro power	8.2	7.9	3.8	24.0	26.0	-7.7	35.4
Nuclear power	8.9	9.5	-6.3	33.6	32.4	3.7	43.6
Fossil-based power	17.5	18.7	-6.4	62.1	65.2	-4.8	89.7
Wind power	0.7	0.5	40.0	2.3	1.3	76.9	2.2
Biomass, waste	0.2	0.2	-	1.0	1.1	-9.1	1.5
Total	35.5	36.8	-3.5	123.0	126.0	-2.4	172.4
Sales of heat, TWh	3.9	4.2	-7.1	26.9	28.4	-5.3	44.6
Sales of gas, TWh	5.9	6.0	-1.7	37.1	41.2	-10.0	63.2

Electricity generation

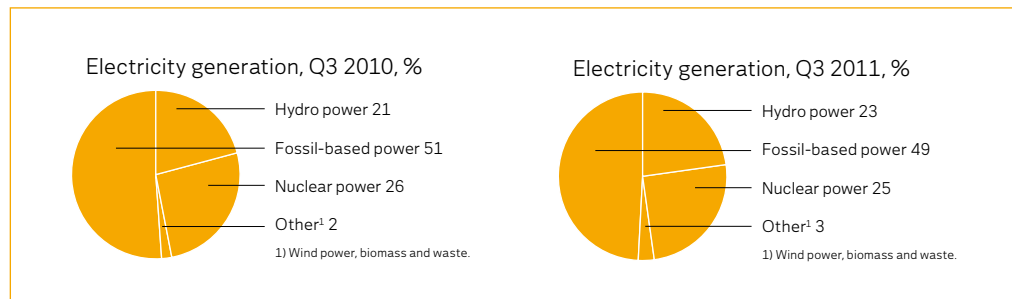
Vattenfall's total electricity generation decreased by 3.5% during the third quarter, to 35.5 TWh (36.8). Hydro power generation increased by 3.8% to 8.2 TWh (7.9). Increased water supply at the end of the quarter contributed to greater hydro power generation and higher reservoir levels. Nuclear power generation decreased by 6.3%, mainly as a result of planned outages and an extended audit of Ringhals 2. Generation by the Forsmark nuclear power plant increased by 41%, while generation by Ringhals decreased by 39%. Fossil-based power generation decreased by 6.4%, partly due to the sale of Vattenfall's interest in the Rostock coal-fired power plant in Germany. Wind power generation increased by 0.2 TWh to 0.7 TWh (0.5), while electricity generation based on biomass and waste was unchanged at 0.2 TWh (0.2).

Sales of heat

Sales of heat decreased by 7.1% to 3.9 TWh (4.2). The decrease is the result of warmer weather.

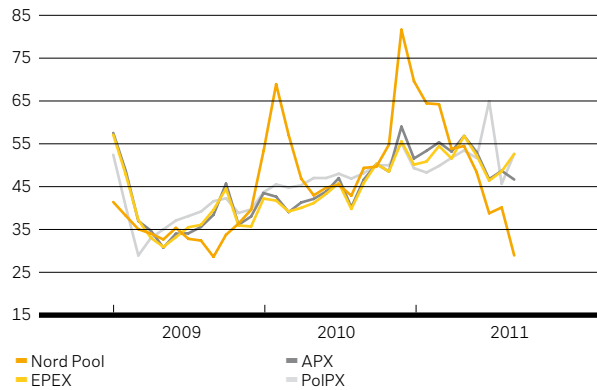
Sales of gas

Sales of gas were essentially unchanged.



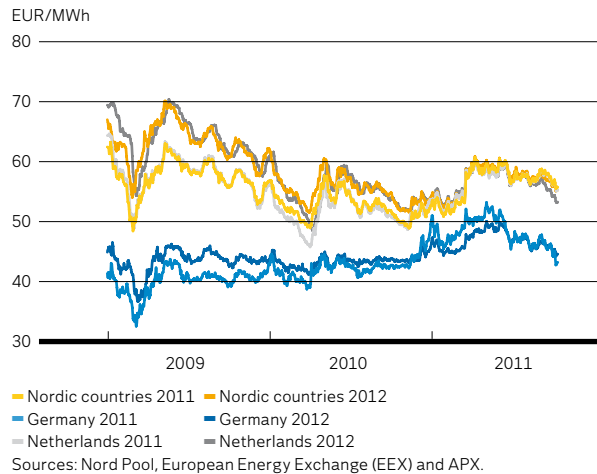
Wholesale price trend

Electricity spot prices in the Nordic countries, Germany, Poland and the Netherlands, 2009–2011, monthly averages
EUR/MWh



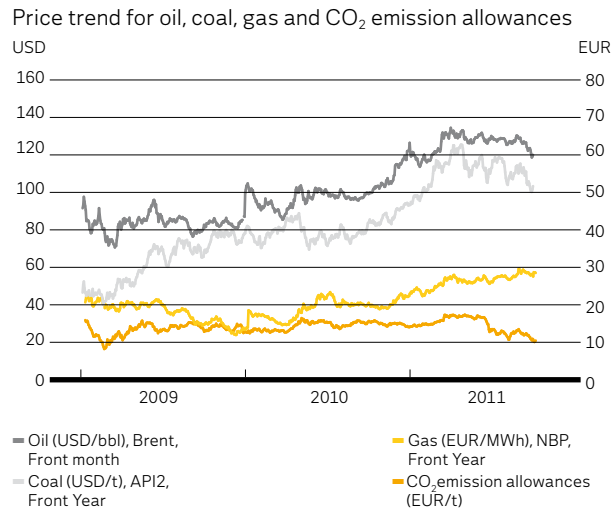
As a result of an improved hydrological balance, Nordic spot prices continued to fall during the third quarter. Average spot prices in the Nordic countries were 22% lower than in the corresponding quarter a year ago (EUR 35.95/MWh compared with EUR 45.90/MWh), and 31% lower than in the preceding quarter. Spot prices in Germany and the Netherlands decreased during the quarter but were higher than in the third quarter a year ago. The German government's decision to immediately close eight of the country's nuclear power plants had a slightly negative effect on supply; however, as a result of lower demand combined with higher electricity generation from wind power and solar energy along with imports of electricity from neighbouring countries, the decision did not have a major impact on the German spot market. Spot prices in Germany were 12% higher (EUR 49.21/MWh compared with EUR 43.83/MWh), and average spot prices in the Netherlands were 6% higher (EUR 47.36/MWh compared with EUR 44.61/MWh). In Poland, spot prices rose slightly during the quarter, and compared with the third quarter of 2010, average spot prices were 14% higher (EUR 54.42/MWh compared with EUR 47.68/MWh).

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



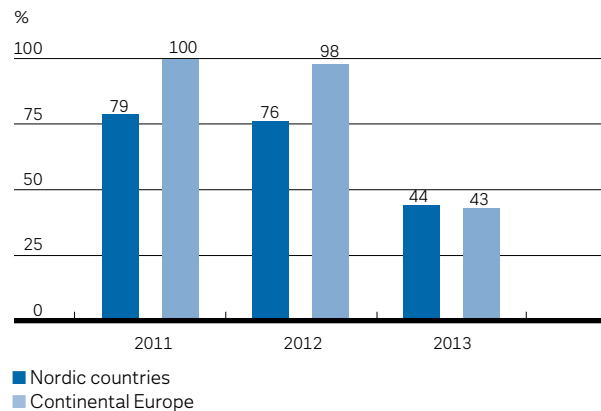
Electricity futures prices for the 2012 and 2013 yearly contracts decreased in all of Vattenfall's markets during the third quarter. The decrease in the Nordic market is mainly attributable to an improved hydrological balance, while futures prices in the Continental European market were affected to a greater extent by concerns about the debt crisis in the USA and Europe. The Nordic futures contracts for delivery in 2012 and 2013 were an average of 8% and 5% lower, respectively, than during the second quarter, while the German and Dutch futures contracts for delivery in 2012 and 2013 were approximately 2%–3% lower.

Wholesale price trend



Gas prices rose slightly during the quarter (5%) as a result of higher demand in Europe for gas from the UK and concerns over a lower supply of LNG (liquefied natural gas) during the winter. Gas traded at a level that was 36% higher than in the third quarter a year ago. Macroeconomic factors and a gradual, downward adjustment in the forecast for anticipated demand for oil pressed down oil prices during the quarter. However, compared with the corresponding quarter a year ago, oil prices were 45% higher. Prices of CO₂ emission allowances decreased by 18% compared with the corresponding quarter a year ago and by a full 25% compared with the second quarter of 2011, mainly as a result of weak macroeconomic statistics and large supply. The price of coal changed marginally during the quarter, but was 30% higher than in the corresponding quarter a year ago.

Vattenfall's degree of price hedging in various markets per 30 September 2011



Vattenfall's degree of price hedging

The chart 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 and forward markets.

Average price hedges as per 30 September 2011

EUR/MWh	2011	2012	2013
Nordic countries	45	43	44
Continental Europe	56	55	59

Vattenfall's operating segments

Vattenfall's operating segments

Effective 1 January 2011 Vattenfall moved from a geographical to a business-led organisational structure that is based on the value chain and which comprises the following three operating segments:

- Generation
- Distribution and Sales
- Renewables

The operating segments are organised into five Business Divisions, where the Generation segment comprises three Business Divisions: Asset Development, Production, and Asset Optimisation and Trading. The Distribution and Sales segment is made up of Business Division Distribution and Sales, and the Renewables segment is made up of Business Division Renewables. See the illustration below.

Responsibilities of the operating segments:

The Generation segment is Vattenfall's interface towards the wholesale market and includes development and building of production assets, generation of electricity and heat, and sales of electricity on the wholesale energy market.

- *Business Division Asset Development* is responsible for project development and execution of new build generation projects in electricity and large modification projects in thermal power, heat, infrastructure, nuclear power and

hydro power. Business Division Asset Development is also responsible for the Group's R&D activities and Engineering consulting business.

- *Business Division Production* operates Vattenfall's lignite mining and power generation assets (including hydro power but excluding other renewable generation assets) as cost-effectively as possible to ensure optimal levels of generation capacity and availability. The Division also operates Vattenfall's combined heat and power (CHP) plants in Germany, Denmark and the Netherlands.
- *Business Division Asset Optimisation and Trading* is responsible for optimising the dispatch of all of Vattenfall's generation assets (i.e., it manages when and how the plants generate electricity) and hedges the production output of those assets for maximum profitability within a given risk mandate. This Business Division also conducts proprietary trading under defined risk mandates.

The *Distribution and Sales segment* is Vattenfall's interface towards the end-customer market and includes the unbundled and regulated electricity distribution business.

- *Business Division Distribution and Sales* is responsible for Vattenfall's electricity sales and heat businesses, the regulated electricity distribution business and other downstream businesses. This Business Division is responsible for relationships with all of Vattenfall's end customers.

The *Renewables segment* is responsible for asset development, and operation and maintenance of Vattenfall's renewable energy operations, except for hydro power, which is managed within the Generation segment.

- *Business Division Renewables* is responsible for asset development, and operation and maintenance of Vattenfall's renewable energy operations, primarily wind power and upstream biomass.

Depending on the type of business, a number of key performance indicators (KPIs) have been developed. For Business Division Production in the Generation segment, for Business Unit Heat within Distribution and Sales, and for Business Division Renewables, the main KPIs are operating expenses and plant availability. For Business Division Asset

Optimisation and Trading, the main KPIs pertain to the value added from asset optimisation as well as to hedging performance above a certain benchmark. Apart from its Engineering consulting business, Business Division Asset Development is managed as a cost centre and focuses on delivery of projects within budget and on time.

Staff Functions and Shared Service Centres

A number of Group-wide Staff Functions support Vattenfall's business as well as the decision-making process of the Executive Group Management (EGM) and CEO. The Staff Functions also govern relevant business processes in Vattenfall as a whole. The Staff Functions are managed and co-ordinated centrally with employees located at both the corporate level and closer to the business. Staff Functions are financially managed as cost centres. Shared Service Centres (SSCs) are an important and integral element of Vattenfall's business operations and focus on transaction-related processes. Shared Services are led with a focus on process efficiency and utilisation of economies of scale. Shared Services provide such services and specialist functions which, from a cost perspective, are advantageous to handle and perform on a shared basis. Staff Functions and Shared Service Centres are reported under the heading "Other".

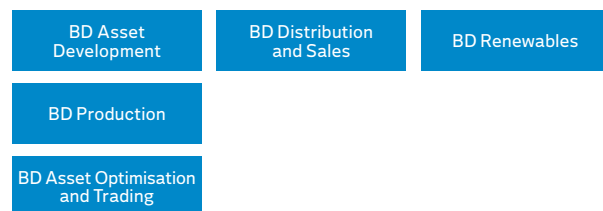
Note:

The three operating segments that are described above and which Vattenfall is reporting as from the first quarter interim report differ from the previous descriptions provided in the 2010 Year-End Report (page 30) and 2010 Annual Report (page 98). In these publications it was stated that starting in 2011, Vattenfall will report according to five operating segments that are identical to the five Business Divisions. The three Business Divisions – Asset Development, Production, and Asset Optimisation and Trading – together make up the Generation segment. Vattenfall's management believes that a composite assessment of the divisions' operations is needed to gain a complete picture of the operations' performance at the Group level. Generation thereby makes up one of the Group's operating segments

Three operating segments:



Five Business Divisions:



The Group's operating segments

Generation

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %	Full year 2010	Last 12 months
Net sales	25,157	24,858	1.2	88,523	91,799	-3.6	127,177	123,901
External net sales ¹	11,798	13,057	-9.6	44,343	49,755	-10.9	71,567	66,155
Operating profit	3,986	6,185	-35.6	5,393	26,050	-79.3	30,388	9,731
Operating profit excl. items affecting comparability	3,995	6,175	-35.3	14,266	26,039	-45.2	34,202	22,429
Operating profit excl. IAS 39 transactions ²	5,518	5,848	-5.6	7,829	25,351	-69.1	29,410	11,888
Sales of heat, TWh	0.7	0.6	16.7	5.5	6.0	-8.3	9.4	8.9
Electricity generation³, TWh	32.6	34.2	-4.7	110.2	113.6	-3.0	153.9	150.5
– of which, hydro power	8.2	7.9	3.8	24.0	26.0	-7.7	35.4	33.4
– of which nuclear power	8.9	9.5	-6.3	33.6	32.4	3.7	43.6	44.8
– of which, fossil-based power	15.4	16.8	-8.3	52.3	55.0	-4.9	74.7	72.0
– of which, biomass, waste	0.1	–	–	0.3	0.2	50.0	0.2	0.3

1) Excluding intra-Group transactions.

2) IAS 39 transactions pertain to unrealised changes in the fair value of energy derivatives, which according to IAS 39 may not be reported using hedge accounting and fair valuation of inventories.

3) Of electricity generation in Q1-3 2011, Vattenfall disposed over 98.1 TWh (101.9 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Generation operating segment is Vattenfall's interface towards the wholesale market and includes development and building of production assets, generation of electricity and heat, and sales of electricity on the wholesale energy market. The Generation segment comprises three Business Divisions:

- Asset Development
- Production
- Asset Optimisation and Trading

Each Business Division is further divided into several Business Units. For details, see the organisational chart on page 31. Asset Development is responsible for project development and execution of new build initiatives and large modification projects in thermal power and heat, infrastructure, nuclear power and hydro power. Project development in wind power and biomass rests with Business Division Renewables. Asset Development is also responsible for the Group's R&D activities and Engineering consulting business. Business Division Production is responsible for Vattenfall's lignite mining activities and electricity generation based on nuclear, coal, gas and hydro power. Operations are conducted in

Sweden, Denmark, Finland, Germany and the Netherlands. Business Division Production also runs Vattenfall's combined heat and power (CHP) plants in Germany, Denmark and the Netherlands. Asset Optimisation and Trading is responsible for the optimisation (dispatch) and price hedging of all electricity generated by Vattenfall's power plants to maximise profitability within a given risk mandate. The Division also conducts trading business in its own right, i.e., proprietary trading of approved products and energy commodities under defined mandates, as well as third-party origination. Operations are conducted in Sweden, Denmark, Germany, the Netherlands and Poland. These three Business Divisions – Asset Development, Production, and Asset Optimisation and Trading – together make up the Generation segment. Vattenfall's management believes that a composite assessment of the divisions' operations is needed to gain a complete picture of the operations' performance at the Group level. Generation thereby makes up one of the Group's operating segments.

The Generation segment includes a total of 17,114 employees (full-time equivalents).

Generation

Operating profit Q3

Operating profit fell by SEK 2,221 million. Of this decrease, SEK 1.2 billion stems from fair valuation of energy derivatives that do not meet the requirements for hedge accounting according to IAS 39, SEK 0.4 billion is attributable to fair valuation of certain embedded derivatives, and SEK 0.3 billion is attributable to fair valuation of inventories. The decrease is also attributable to lower generation volumes. Average higher electricity prices received and lower costs for operations and maintenance had a positive impact on operating profit.

Electricity generation and sales of heat, Q3

Hydro power generation increased by 3.8% to 8.2 TWh (7.9) as a result of greater water supply towards the end of the third quarter. The hydrological balance in the Nordic countries improved during the third quarter to +10.9 TWh at the end of September, from -1.0 TWh at the end of June.

Nuclear power generation decreased by 6.3% to 8.9 TWh (9.5), mainly pertaining to the Ringhals nuclear power plant (see below). Nuclear power generation at Ringhals decreased by 39%, while generation at Forsmark increased by 41%.

Fossil-based power generation decreased by 8.3% to 15.4 TWh (16.8). Electricity generation based on coal in Germany decreased by 1.5% to 12.8 TWh (13.0). The decrease is mainly attributable to the sale of Vattenfall's interest in the Rostock power plant.

Fossil-based power generation in the Netherlands decreased by 0.2 TWh to 2.2 TWh (2.4) as a result of operational disruptions at the Hemweg power station. Fossil-based generation in Denmark decreased by 0.9 TWh to 0.4 TWh (1.5) as a result of operational disruptions at the Fyn and Nordjylland power stations as well as the divestments of the CHP plants Hillerød and Helsingør.

Sales of heat in Denmark increased to 0.4 TWh (0.3), while sales of heat in Germany were unchanged at 0.3 TWh.

Important events Q3

CCS (Carbon Capture and Storage)

On 23 September, the upper house of Germany's parliament (Bundesrat) resolved to not adopt the proposed CCS law. In doing so, Germany has not carried out the EU's CCS directive.

A legal framework is a precondition for Vattenfall's planned investment in a CCS demonstration plant in Jämschalde.

Boxberg/Moorburg

The work on remedying quality defects in the steam generators in the two new build projects Boxberg and Moorburg is continuing. The work at Boxberg is proceeding according to plan: pressure tests are planned for the end of October, and commissioning of the new plant (675 MW) is expected to take place at the end of 2012. A decision on measures to be taken at Moorburg (1,640 MW) will be made during the fourth quarter.

Swedish nuclear power plant audits

The year's audits of Forsmark have been completed (Forsmark 3 was restarted on 17 October).

Ringhals 1 has been off line for audit since 25 September. Ringhals 2 has been off line for audit since 1 April. In May a small fire occurred in connection with a standard test. Cleanup after the fire and restoration of the plant are currently in progress.

Ringhals 3 was taken off line on 11 September for inspection of the sprinkler system. The reactor was restarted 21 October. The restart of Ringhals 4 was planned for 2 October, but was moved back due to delays in pipe installations in the turbine plant, among other things.

Proposal to raise fees for the Nuclear Waste Fund

The Swedish Radiation Safety Authority (SSM) plans to raise the fees payable to the Swedish Nuclear Waste Fund. A decision is expected from the Swedish government around year-end.

Closure of Krümmel and Brunsbüttel nuclear power plants in Germany

The work on preparing Vattenfall's nuclear power plants in Germany for permanent closure and dismantling has begun. Germany's parliament decided in June 2011 to immediately close eight nuclear power plants, entailing that Vattenfall's nuclear power plants in Germany, Krümmel and Brunsbüttel, may not be restarted. Germany's new nuclear power law took effect on 6 August 2011.

Application by NorthConnect to build interconnector to the British electricity grid

NorthConnect Joint Venture has submitted an application to build a power cable between Norway and the UK to the British electricity grid. Vattenfall plans, in co-operation with four partner companies, to build a 570 km cable between the UK and Norway with a transmission capacity of 1,400 MW. The cable will contribute to greater security of energy supply.

Start of energy trading by Vattenfall in Hungary

Vattenfall has begun bilateral trading of electricity in Hungary as well as trading on the Hungarian electricity exchange. Hungary is an important market for Vattenfall's trading unit due to its strategic location as a transit country for electricity flows and its relatively high degree of liquidity in the electricity market.

The Group's operating segments

Distribution and Sales

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %	Full year 2010	Last 12 months
Net sales	31,865	31,872	0.0	112,596	117,940	-4.5	165,529	160,185
External net sales ¹	30,130	29,831	1.0	105,000	108,918	-3.6	151,850	147,932
– of which, Distribution	4,161	3,965	4.9	13,400	12,937	3.6	17,968	18,431
– of which, Heat	2,907	2,944	-1.3	12,370	13,734	-9.9	19,626	18,262
Operating profit	1,027	388	164.7	7,960	6,011	32.4	8,340	10,289
– of which, Distribution	1,009	1,091	-7.5	4,158	4,128	0.7	5,906	5,936
– of which, Heat	22	2	–	2,939	3,462	-15.1	4,388	3,865
Operating profit excl. items affecting comparability	1,012	443	128.4	7,409	5,963	24.2	8,426	9,872
– of which, Distribution	1,012	1,070	-5.4	4,167	4,109	1.4	5,704	5,762
– of which, Heat	10	-1	–	2,931	3,451	-15.1	4,695	4,175
Sales of gas, TWh	5.9	4.7	25.5	34.9	37.4	-6.7	58.3	55.8
Sales of heat, TWh	3.2	3.6	-11.1	21.4	22.4	-4.5	35.2	34.2
Electricity generation², TWh	2.2	2.1	4.8	10.4	11.1	-6.3	16.3	15.6
– of which, fossil-based power	2.1	1.9	10.5	9.8	10.2	-3.9	15.0	14.6
– of which, biomass, waste	0.1	0.2	-50.0	0.7	0.9	-33.3	1.3	1.0
Transited volume, excl. production transiting	26.5	26.6	-0.4	87.6	87.7	-0.1	121.0	120.9

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1-3 2011, Vattenfall disposed over 10.5 TWh (11.1 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Distribution and Sales operating segment and Business Division is responsible for Vattenfall's electricity sales and heat businesses, electricity distribution and other downstream businesses. The Division is responsible for all relationships with Vattenfall's end customers. Distribution and Sales comprises five Business Units (BUs):

- BU Sales B2C (Business to Consumers)
- BU Sales B2B (Business to Business)
- BU Heat
- BU Distribution
- BU Energy Related Services

Operations are conducted in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Belgium and Poland. The Distribution and Sales segment includes a total of 14,604 employees (full-time equivalents).

Distribution and Sales

Operating profit Q3

Operating profit improved by SEK 638 million. The improvement is mainly attributable to higher profitability for the Sales B2C (Business to Consumers) unit in the Nordic countries, Germany and the Netherlands. The Distribution Business Unit reported a drop in profit, mainly attributable to Germany.

Sales of gas and heat, and electricity generation, Q3

Sales of gas to end customers increased by 25.5% to 5.9 TWh (4.7). The increase is attributable to a greater number of business customers. Sales of heat decreased by 11.1% to 3.2 TWh (3.6), mainly in Germany, as a result of warmer weather. Electricity generation was nearly unchanged, at 2.2 TWh (2.1).

Important events Q3

Several major contracts signed

- A two-year contract was signed with Stora Enso in Germany. The agreement comprises electricity supply and balance management for one of Stora Enso's business units in Germany, covering a total of 1 TWh. Earlier this year Vattenfall and Stora Enso signed an 11-year contract covering 7 TWh for Stora Enso's plants in Sweden.
- A three-year contract has been signed with Coca-Cola Enterprises Sweden AB, which is part of Coca-Cola Company. The contract covers the annual supply of 25 GWh during the period 2012–2014.
- A two-year contract (2012–2013) has been signed with Faurecia, one of the world's ten largest companies in the auto industry and a European leader in seats, cockpits, doors and bumpers. The agreement covers the supply of 210 GWh to 47 plants in Germany.
- DB Energie (a subsidiary of Deutsche Bahn) has signed a four-year contract (2012–2016). Vattenfall showed it could meet the customer's demand for renewable electricity, and the contract covers electricity from the Harsprånget hydro power plant in northern Sweden with an original guarantee of 439 GWh per year.
- An 18-month contract has been signed with Toyota Motor Manufacturing France for the supply of electricity to its plant in Onnaing in northern France. The agreement covers 118 GWh per year.
- A 25-year agreement was reached with Amsterdam Arena for the supply of district heating and cooling (2.5 MW and 2.4 MW, respectively). Under the new agreement, Amsterdam Arena will cut its carbon dioxide emissions by 815 tonnes a year by not using its own gas boilers in favour of district heating deliveries based on combustion of waste at a power plant in Diemen.

Heat Finland named Fair District Heat Provider of the Year

At a heating expo in Finland, Vattenfall's heat business in Finland was named as Fair District Heat Provider of the Year. The jury was made up of private and business customers along with representatives from heating companies and the Finnish energy industry. The jury praised Vattenfall's work on informing customers about investments in environment-friendly heat production and the ability for customers to choose CO₂-neutral district heating.

The Group's operating segments

Renewables

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %	Full year 2010	Last 12 months
Net sales	1,045	381	174.3	2,088	1,070	95.1	2,078	3,096
External net sales ¹	791	183	332.2	1,147	509	125.3	1,040	1,678
Operating profit	-60	-319	-81.2	188	-756	-124.9	-1,620	-676
Operating profit excl. items affecting comparability	-75	-138	-45.7	152	-576	-126.4	-601	127
Electricity generation², TWh	0.7	0.5	40.0	2.3	1.3	76.9	2.2	3.2
– of which, wind power	0.7	0.5	40.0	2.3	1.3	76.9	2.2	3.2

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1-3 2011, Vattenfall disposed over 2.3 TWh (1.3 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Renewables operating segment and Business Division is responsible for capacity development, and operation and maintenance of Vattenfall's renewable energy operations – primarily in wind power and upstream biomass.

Renewables comprises four Business Units (BUs):

- BU Onshore Wind Projects
- BU Offshore Wind Projects
- BU Generation Wind
- BU Biomass

Operations are conducted in Sweden, Denmark, Germany, the Netherlands, Belgium, Poland, the UK and Liberia.

The Renewables segment includes a total of 341 employees (full-time equivalents).

Operating profit Q3

Operating profit improved by SEK 0.3 billion. The improvement is mainly attributable to higher wind power generation and lower costs in the Onshore Wind Projects Business Unit.

Electricity generation Q3

Wind power generation increased by 0.2 TWh to 0.7 TWh (0.5).

Important events Q3

Vattenfall acquires full ownership of the Zuidlob land-based wind farm in the Netherlands

One of the largest wind farms in the Netherlands, Zuidlob, is currently being built west of Zeewolde in the Netherlands' Flevoland province. Starting in 2013, 36 wind turbines will provide power for some 88,000 households. The wind farm will have installed capacity of 122 MW. Vattenfall's subsidiary N.V. Nuon Energy previously owned 5% of the shares in the wind farm. Vattenfall acquired 100% of the shares at the end of September.

Ormonde wind farm commissioned in the Irish Sea

The 30th of Ormonde's 5 MW turbines was installed in August, and the wind farm is now supplying electricity to the grid. The wind farm has installed capacity of 150 MW and will supply electricity to an estimated 100,000 UK households.

Official inauguration of Stor-Rotliden

On 29 August, the land-based Stor-Rotliden wind farm just north of Fredrika in Åsele municipality, Sweden, was inaugurated. The wind farm's 40 wind turbines have total installed capacity of 78 MW and are expected to generate 240 GWh annually, which corresponds to the electricity need for 50,000 homes. The wind farm was completed in 2010 and has been supplying electricity since then, but has now been officially inaugurated. Stor-Rotliden has increased Vattenfall's generation of wind power by 40% and thereby secured Vattenfall's position as Sweden's largest generator of wind power.

Other

Amounts in SEK million	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %	Full year 2010	Last 12 months
Net sales	1,342	1,817	-26.1	5,633	29,303	-80.8	31,482	7,812
External net sales ¹	90	76	18.4	835	21,305	-96.1	21,464	994
Operating profit	-506	-425	19.1	-491	-6,398	-92.3	-7,255	-1,348
Operating profit excl. items affecting comparability	-514	-572	-10.1	-1,349	-1,206	11.9	-2,075	-2,218

1) Excluding intra-Group transactions.

"Other" comprises all Staff Functions including Treasury activities, Shared Service Centres and the Gas Exploration & Production (E&P) business. The German transmission business, which was divested in May 2010, is reported under "Other". "Other" includes a total of 5,481 employees (full-time equivalents).

Operating profit Q3

The drop in operating profit is mainly attributable to the sale of the Dutch gas company Nuon Exploration & Production B.V. (E&P) during the second quarter of 2011, whose results were included in the third quarter of 2010.

Consolidated income statement

Amounts in SEK million	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Last 12 months
Net sales	38,276	37,665	130,587	158,035	213,572	186,124
Cost of products sold ¹	-29,238	-27,271	-107,043	-114,486	-159,098	-151,655
Gross profit	9,038	10,394	23,544	43,549	54,474	34,469
Selling expenses, administrative expenses and research and development costs ²	-4,433	-4,184	-13,149	-13,708	-20,094	-19,535
Other operating income and expenses, net	-233	-564	2,623	-5,245	-5,151	2,717
Participations in the results of associated companies	75	183	32	311	624	345
Operating profit (EBIT)³	4,447	5,829	13,050	24,907	29,853	17,996
Financial income ⁴	930	870	2,524	1,731	2,514	3,307
Financial expenses ⁵	-3,730	-4,131	-8,807	-10,023	-10,944	-9,728
Profit before tax⁶	1,647	2,568	6,767	16,615	21,423	11,575
Income tax expense	-302	-819	-1,454	-5,894	-8,238	-3,798
Profit for the period⁷	1,345	1,749	5,313	10,721	13,185	7,777
Profit for the period attributable to:						
Owners of the Parent Company	1,106	1,597	5,481	10,420	12,997	8,058
Non-controlling interests (minority interests)	239	152	-168	301	188	-281
Total	1,345	1,749	5,313	10,721	13,185	7,777
Earnings per share						
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)	8,40	12,13	41,62	79,12	98,69	61,18
Supplementary information						
Operating profit before depreciation and amortisation (EBITDA)	9,593	10,685	39,091	45,351	60,706	54,446
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	-2,933	-2,858	-5,574	-6,487	-6,179	-5,266
1) Of which, depreciation, amortisation and impairment losses related to non-current assets	-5,001	-4,650	-25,618	-19,833	-30,342	-36,127
2) Of which, depreciation, amortisation and impairment losses related to non-current assets	-145	-206	-423	-611	-511	-323
3) Including items affecting comparability attributable to:						
Capital gains/losses, net	131	-159	2,239	-173	-250	2,162
Impairment losses and closure costs for German nuclear power plants	-80	—	-10,320	—	—	-10,320
Other impairment losses/reversals of impairment losses, net	-22	80	-467	-5,140	-9,849	-5,176
Other items affecting comparability	—	—	1,120	—	—	1,120
4) Including return from the Swedish Nuclear Waste Fund	872	372	1,410	577	1,011	1,844
5) Including interest components related to pension costs	-276	-283	-777	-865	-1,138	-1,050
5) Including discounting effects attributable to provisions	-739	-775	-2,119	-2,382	-3,262	-2,999
6) Including items affecting comparability attributable to:						
Capital gains/losses, net	138	-160	2,290	-173	-247	2,216
Impairment losses and closure costs for German nuclear power plants	-79	—	-10,221	—	—	-10,221
Other impairment losses/reversals of impairment losses, net	-22	80	-467	-5,140	-9,849	-5,176
Other items affecting comparability	—	—	1,120	—	—	1,120
7) Including items affecting comparability stated above adjusted for tax	88	-33	-4,926	-5,265	-10,009	-9,670

Consolidated statement of comprehensive income

Amounts in SEK million	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Last 12 months
Profit for the period	1,345	1,749	5,313	10,721	13,185	7,777
Other comprehensive income:						
Cash flow hedges:						
Changes in fair value	-4,504	-1,913	-3,266	2,943	-1,189	-7,398
Dissolved against the income statement	3,365	-403	3,613	-628	-684	3,557
Transferred to cost of hedged item	96	-79	62	240	246	68
Tax attributable to cash flow hedges	266	571	-84	-679	494	1,089
Total cash flow hedges	-777	-1,824	325	1,876	-1,133	-2,684
Hedging of net investments in foreign operations	-1,258	4,656	-3,327	17,626	19,831	-1,122
Tax attributable to hedging of net investments in foreign operations	331	-1,224	875	-4,635	-5,215	295
Total hedging of net investments in foreign operations	-927	3,432	-2,452	12,991	14,616	-827
Revaluation of available-for-sale financial assets	-624	—	-1,777	—	—	-1,777
Translation differences	1,614	-7,953	4,372	-27,171	-30,727	816
Total other comprehensive income, net after tax	-714	-6,345	468	-12,304	-17,244	-4,472
Total comprehensive income for the period	631	-4,596	5,781	-1,583	-4,059	3,305
Total comprehensive income for the period attributable to:						
Owners of the Parent Company	317	-4,619	5,828	-1,427	-3,717	3,538
Non-controlling interests (minority interests)	314	23	-47	-156	-342	-233
Total	631	-4,596	5,781	-1,583	-4,059	3,305

The Group's operating segments

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010
Generation	11,798	13,057	44,343	49,755	71,567	13,359	11,801	44,180	42,044	55,610	25,157	24,858	88,523	91,799	127,177
Distribution and Sales	30,130	29,831	105,000	108,918	151,850	1,735	2,041	7,596	9,022	13,679	31,865	31,872	112,596	117,940	165,529
Renewables	791	183	1,147	509	1,040	254	198	941	561	1,038	1,045	381	2,088	1,070	2,078
Other ¹	90	76	835	21,305	21,464	1,252	1,741	4,798	7,998	10,018	1,342	1,817	5,633	29,303	31,482
Eliminations ²	-4,533	-5,482	-20,738	-22,452	-32,349	-16,600	-15,781	-57,515	-59,625	-80,345	-21,133	-21,263	-78,253	-82,077	-112,694
Total	38,276	37,665	130,587	158,035	213,572	—	—	—	—	—	38,276	37,665	130,587	158,035	213,572

Amounts in SEK million	Profit					Profit excl. items affecting comparability				
	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010
Generation	3,986	6,185	5,393	26,050	30,388	3,995	6,175	14,266	26,039	34,202
Distribution and Sales	1,027	388	7,960	6,011	8,340	1,012	443	7,409	5,963	8,426
Renewables	-60	-319	188	-756	-1,620	-75	-138	152	-576	-601
Other ¹	-506	-425	-491	-6,398	-7,255	-514	-572	-1,349	-1,206	-2,075
Operating profit (EBIT)	4,447	5,829	13,050	24,907	29,853	4,418	5,908	20,478	30,220	39,952
Financial income and expenses	-2,800	-3,261	-6,283	-8,292	-8,430					
Profit before tax	1,647	2,568	6,767	16,615	21,423					

1) Mainly includes Treasury Activities and Other Staff functions.

2) For external net sales, the elimination pertains to sales to the Nordic electricity exchange, Nord Pool.

Vattenfall Group, information about geographical areas

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010
Nordic countries	10,368	11,078	39,860	42,215	59,829	560	86	-2,563	-2,931	-4,368	10,928	11,164	37,297	39,284	55,461
Germany and Poland	16,493	17,099	53,760	75,646	95,974	8,040	8,686	26,320	30,141	40,402	24,533	25,785	80,080	105,787	136,376
Netherlands and Belgium	6,976	6,801	26,812	29,171	41,990	1,379	1,622	6,302	5,061	7,338	8,355	8,423	33,114	34,232	49,328
Other ¹	4,439	2,687	10,155	11,003	15,779	13,617	14,355	46,772	47,685	70,999	18,056	17,042	56,927	58,688	86,778
Eliminations	—	—	—	—	—	-23,596	-24,749	-76,831	-79,956	-114,371	-23,596	-24,749	-76,831	-79,956	-114,371
Total	38,276	37,665	130,587	158,035	213,572	—	—	—	—	—	38,276	37,665	130,587	158,035	213,572

Amounts in SEK million	Operating profit (EBIT)					Operating profit (EBIT) excl. items affecting comparability				
	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010
Nordic countries	2,999	3,353	13,458	15,958	21,196	2,898	3,296	12,200	15,897	21,344
Germany and Poland	2,972	2,529	718	6,682	9,908	3,034	2,389	9,864	11,853	13,897
Netherlands and Belgium	-625	-314	381	-535	-5,570	-615	-313	-79	-607	-417
Other ¹	-899	261	-1,507	2,802	4,319	-899	536	-1,507	3,077	5,128
Total	4,447	5,829	13,050	24,907	29,853	4,418	5,908	20,478	30,220	39,952

1) Mainly concerns Trading, Treasury activities and Other Staff functions. Also includes operations in the UK.

Consolidated balance sheet

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010	Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
Assets				Equity and liabilities			
Non-current assets				Equity			
Intangible assets: non-current	47,935	55,448	49,787	Attributable to owners of the Parent Company	126,032	128,953	126,704
Property, plant and equipment	283,658	278,887	285,631	Attributable to non-controlling interests (minority interests)	7,191	6,652	6,917
Investment property	626	643	626	Total equity	133,223	135,605	133,621
Biological assets	7	3	4	Non-current liabilities			
Participations in associated companies and joint ventures	13,092	12,841	12,949	Capital Securities	9,207	9,081	8,929
Other shares and participations	3,113	5,305	4,954	Other interest-bearing liabilities	149,570	167,941	144,599
Share in the Swedish Nuclear Waste Fund	27,977	26,393	26,791	Pension provisions	18,792	18,393	18,137
Current tax assets, non-current	1,023	938	1,184	Other interest-bearing provisions	67,278	63,078	62,494
Prepaid expenses	163	153	171	Deferred tax liabilities	33,877	31,974	36,125
Deferred tax assets	2,798	1,550	1,397	Other noninterest-bearing liabilities	8,666	8,405	8,409
Other non-current receivables	5,046	4,706	4,769	Total non-current liabilities	287,390	298,872	278,693
Total non-current assets	385,438	386,867	388,263	Current liabilities			
Current assets				Trade payables and other liabilities	26,670	22,295	33,184
Inventories	18,446	15,931	16,825	Advance payments from customers	1,464	1,138	1,912
Biological assets	1	—	—	Derivatives with negative fair value	26,281	25,271	25,216
Intangible assets: current	3,198	6,792	8,330	Accrued expenses and deferred income	19,772	22,973	24,804
Trade receivables and other receivables	28,377	27,152	36,380	Current tax liabilities	2,468	6,752	2,062
Advance payments to suppliers	3,153	4,573	3,904	Interest-bearing liabilities	16,978	11,322	34,749
Derivatives with positive fair value	31,257	32,485	29,338	Interest-bearing provisions	7,803	4,506	7,191
Prepaid expenses and accrued income	4,555	5,247	10,597	Liabilities associated with assets held for sale	2,439	—	—
Current tax assets	3,397	4,819	2,311	Total current liabilities	103,875	94,257	129,118
Short-term investments	19,498	26,841	31,278	Total equity and liabilities	524,488	528,734	541,432
Cash and cash equivalents	11,848	16,014	12,595				
Assets held for sale	15,320	2,013	1,611	Pledged assets	—	645	634
Total current assets	139,050	141,867	153,169	Contingent liabilities	3,408	8,033	4,542
Total assets	524,488	528,734	541,432				

Consolidated balance sheet, cont.

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010	Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
Supplementary information				Adjusted gross debt and net debt			
Net assets				Total interest-bearing liabilities	-175,755	-188,344	-188,277
Net assets, weighted average value	283,848	297,163	293,298	50% of Capital Securities	4,604	4,541	4,464
Net debt				Present value of pension obligations	-21,831	-19,085	-19,992
Capital Securities	-9,207	-9,081	-8,929	Provisions for mining, gas and wind operations and other environment-related provisions	-12,875	-12,876	-12,760
Bond issues, commercial papers and liabilities to credit institutions	-107,163	-109,114	-110,038	Provisions for nuclear power (net)	-19,254	-11,788	-12,794
Present value of liabilities pertaining to acquisitions of subsidiaries	-31,459	-43,949	-43,438	Currency derivatives for hedging of debt in foreign currency	3,000	2,145	2,668
Liabilities to associated companies	-10,687	-10,839	-10,493	Margin calls received	6,138	5,368	5,149
Liabilities to owners of non-controlling interests (minority owners)	-10,289	-9,031	-9,327	Liabilities to owners of non-controlling interests (minority owners) due to consortium agreements	9,416	8,640	8,923
Other liabilities	-6,950	-6,330	-6,052	Adjusted gross debt	-206,557	-211,399	-212,619
Total interest-bearing liabilities	-175,755	-188,344	-188,277	Reported cash and cash equivalents and short-term investments	31,346	42,855	43,873
Cash and cash equivalents	11,848	16,014	12,595	Unavailable liquidity	-5,060	-5,601	-4,663
Short-term investments	19,498	26,841	31,278	Adjusted cash and cash equivalents and short-term investments	26,286	37,254	39,210
Loans to owners of non-controlling interests (minority owners) in foreign subsidiaries	601	334	295	Adjusted net debt	-180,271	-174,145	-173,409
Net debt	-143,808	-145,155	-144,109				

Consolidated statement of cash flows

Amounts in SEK million	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Last 12 months
Operating activities						
Profit before tax	1,647	2,568	6,767	16,615	21,423	11,575
Reversal of depreciation, amortisation and impairment losses ¹	5,197	4,856	26,092	20,444	30,853	36,501
Tax paid	-310	-1,529	-4,771	-8,774	-8,901	-4,898
Capital gains/losses, net	-138	160	-2,290	173	247	-2,216
Other, including non-cash items	3,459	884	2,338	-20	-3,514	-1,156
Funds from operations (FFO)	9,855	6,939	28,136	28,438	40,108	39,806
Changes in inventories	-2,444	-1,212	-3,502	-1,407	-2,407	-4,502
Changes in operating receivables	3,851	4,793	15,671	5,257	-12,612	-2,198
Changes in operating liabilities	-11	3,326	-10,683	-10,343	5,681	5,341
Other changes	-464	-2,075	567	9,392	10,461	1,636
Cash flow from changes in operating assets and operating liabilities	932	4,832	2,053	2,899	1,123	277
Cash flow from operating activities	10,787	11,771	30,189	31,337	41,231	40,083
Investing activities						
Acquisitions in Group companies	-13,540	—	-13,541	-581	-577	-13,537
Investments in associated companies and other shares and participations	-50	-37	-157	-482	-508	-183
Other investments in non-current assets	-9,070	-11,244	-23,015	-28,126	-40,709	-35,598
Total investments	-22,660	-11,281	-36,713	-29,189	-41,794	-49,318
Divestments	2,003	259	6,572	6,223	7,197	7,546
Cash and cash equivalents in acquired companies	—	1	—	14	111	97
Cash and cash equivalents in divested companies	-26	4	-26	-300	-297	-23
Cash flow from investing activities	-20,683	-11,017	-30,167	-23,252	-34,783	-41,698
Cash flow before financing activities	-9,896	754	22	8,085	6,448	-1,615
Financing activities						
Changes in short-term investments	-289	-3,390	12,248	3,078	-1,919	7,251
Changes in loans to owners of non-controlling interests (minority owners) in foreign subsidiaries	-51	1,510	-289	1,113	1,135	-267
Loans raised ²	2,030	716	2,999	8,834	13,325	7,490
Amortisation of debt	413	-5,464	-8,422	-11,170	-12,389	-9,641
Dividends paid to owners	—	-13	-6,698	-5,307	-5,311	-6,702
Contribution from owners of non-controlling interests (minority interests)	99	—	520	97	12	435
Cash flow from financing activities	2,202	-6,641	358	-3,355	-5,147	-1,434
Cash flow for the period	-7,694	-5,887	380	4,730	1,301	-3,049

1) In this context, impairment losses also include other discontinuation costs than impairment in 2011 pertaining to nuclear power plants in Germany. The sum of these impairment losses and other discontinuation costs amounts to SEK 10,320 million, which was originally reported in the second quarter of 2011.

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

Consolidated statement of cash flows, cont.

Amounts in SEK million	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Last 12 months
Cash and cash equivalents at the beginning of the period	20,238	21,279	12,595	10,555	10,555	16,014
Cash and cash equivalents included in assets held for sale	-604	—	-880	653	653	-880
Cash flow for the period	-7,694	-5,887	380	4,730	1,301	-3,049
Translation differences	-92	622	-247	76	86	-237
Cash and cash equivalents at the end of the period	11,848	16,014	11,848	16,014	12,595	11,848
Supplementary information						
Cash flow before financing activities	-9,896	754	22	8,085	6,448	-1,615
Financing activities						
Dividends paid to owners	—	-13	-6,698	-5,307	-5,311	-6,702
Contribution from owners of non-controlling interests (minority interests)	99	—	520	97	12	435
Cash flow after dividend	-9,797	741	-6,156	2,875	1,149	-7,882
Analysis of change in net debt						
Net debt at beginning of the period	-142,153	-151,071	-144,109	-154,987	-154,987	-145,155
Changed calculation of net debt	—	—	—	-11,252	-11,252	—
Cash flow after dividend	-9,797	741	-6,156	2,875	1,149	-7,882
Changes as a result of valuation at fair value	-2,042	-807	-1,506	-3,271	-1,743	22
Changes in interest-bearing liabilities for leasing	19	15	82	77	111	116
Interest-bearing liabilities/short-term investments acquired/divested	19	—	19	3,670	4,002	351
Changes in liabilities pertaining to acquisitions of subsidiaries	13,532	-671	13,063	10	-749	12,304
Cash and cash equivalents included in assets held for sale	-604	—	-880	653	653	-880
Interest-bearing liabilities associated with assets held for sale	-19	—	—	—	—	—
Translation differences on net debt	-2,763	6,638	-4,321	17,070	18,707	-2,684
Net debt at the end of the period	-143,808	-145,155	-143,808	-145,155	-144,109	-143,808
Free cash flow	6,434	7,260	19,907	20,491	23,846	23,262

Consolidated statement of changes in equity

Amounts in SEK million	30 Sept. 2011			30 Sept. 2010			31 Dec. 2010		
	Attributable to owners of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owners of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owners of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity
Balance brought forward	126,704	6,917	133,621	135,620	6,784	142,404	135,620	6,784	142,404
Dividends paid to owners	-6,500	-198	-6,698	-5,240	-67	-5,307	-5,240	-71	-5,311
Group contributions from(+)/to(-) owners of non-controlling interests (minority interests), net after tax	—	—	—	—	—	—	—	402	402
Changes in ownership	—	519	519	—	91	91	41	144	185
Cash flow hedges:									
Changes in fair value	-3,289	23	-3,266	3,034	-91	2,943	-1,086	-103	-1,189
Dissolved against income statement	3,613	—	3,613	-627	-1	-628	-684	—	-684
Transferred to cost of hedged item	58	4	62	242	-2	240	247	-1	246
Tax attributable to cash flow hedges	-77	-7	-84	-704	25	-679	467	27	494
Total cash flow hedges	305	20	325	1,945	-69	1,876	-1,056	-77	-1,133
Hedging of net investments in foreign operations	-3,327	—	-3,327	17,626	—	17,626	19,831	—	19,831
Tax attributable to hedging of net investments in foreign operations	875	—	875	-4,635	—	-4,635	-5,215	—	-5,215
Total hedging of net investments in foreign operations	-2,452	—	-2,452	12,991	—	12,991	14,616	—	14,616
Revaluation of available-for-sale financial assets	-1,777	—	-1,777	—	—	—	—	—	—
Translation differences	4,271	101	4,372	-26,783	-388	-27,171	-30,274	-453	-30,727
Profit for the period	5,481	-168	5,313	10,420	301	10,721	12,997	188	13,185
Total comprehensive income for the period	5,828	-47	5,781	-1,427	-156	-1,583	-3,717	-342	-4,059
Balance carried forward	126,032¹	7,191	133,223	128,953¹	6,652	135,605	126,704¹	6,917	133,621
1) Of which, Reserve for cash flow hedges	-1,010			1,687			-1,315		

Key ratios, Vattenfall Group (definitions and calculations of key ratios on pages 34–35)

In % unless otherwise stated. (x) means times	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Full year 2010	Last 12 months
Operating margin	11.6	15.5	10.0	15.8	14.0	9.7
Operating margin ¹	11.5	15.7	15.7	19.1	18.7	16.2
Pre-tax profit margin	4.3	6.8	5.2	10.5	10.0	6.2
Pre-tax profit margin ¹	4.2	7.0	10.8	13.9	14.8	12.7
Return on equity	6.3 ²	9.3 ²	6.3 ²	9.3 ²	10.0	6.3
Return on equity ¹	13.8 ²	15.4 ²	13.8 ²	15.4 ²	17.7	13.8
Return on net assets	5.3 ²	9.2 ²	5.3 ²	9.2 ²	9.1	5.3
Return on net assets ¹	9.6 ²	12.1 ²	9.6 ²	12.1 ²	12.5	9.6
EBIT interest cover,(x)	2.9 ²	3.1 ²	2.9 ²	3.1 ²	4.1	2.9
EBIT interest cover,(x) ¹	4.7 ²	3.9 ²	4.7 ²	3.9 ²	5.4	4.7
FFO interest cover,(x)	6.9 ²	4.8 ²	6.9 ²	4.8 ²	6.2	6.9
FFO interest cover, net,(x)	8.6 ²	5.4 ²	8.6 ²	5.4 ²	7.5	8.6
Cash flow interest cover after maintenance investments,(x)	5.1 ²	3.9 ²	5.1 ²	3.9 ²	4.6	5.1
FFO/gross debt	22.6 ²	21.1 ²	22.6 ²	21.1 ²	21.3	22.6
FFO/net debt	27.7 ²	27.4 ²	27.7 ²	27.4 ²	27.8	27.7
EBITDA/net financial items,(x)	3.3	3.7	7.0	7.0	9.8	10.3
EBITDA/net financial items,(x) ¹	3.3	3.8	8.3	7.8	11.5	12.7
Equity/total assets	25.4	25.6	25.4	25.6	24.7	25.4
Gross debt/equity	131.9	138.9	131.9	138.9	140.9	131.9
Net debt/equity	107.9	107.0	107.9	107.0	107.8	107.9
Gross debt/gross debt plus equity	56.9	58.1	56.9	58.4	58.5	56.9
Net debt/net debt plus equity	51.9	51.7	51.9	51.7	51.9	51.9
Net debt/EBITDA,(x)	2.6 ²	2.4 ²	2.6 ²	2.4 ²	2.4	2.6

1) Excl. items affecting comparability.

2) Last 12-month values.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Income statement							
Net sales	38,276	40,443	51,868	55,537	37,665	49,713	70,657
Cost of products sold	-29,238	-40,997	-36,808	-44,612	-27,271	-36,343	-50,872
Other operating income and expenses, net	-4,666	-2,397	-3,463	-6,292	-4,748	-4,433	-9,772
Participations in the results of associated companies	75	-288	245	313	183	26	102
Operating profit before depreciation and amortisation (EBITDA)	9,593	12,566	16,932	15,355	10,685	13,867	20,799
Operating profit (EBIT)	4,447	-3,239	11,842	4,946	5,829	8,963	10,115
Financial items, net	-2,800	-1,590	-1,893	-138	-3,261	-2,132	-2,899
Financial items, net ¹	-2,933	-1,211	-1,430	308	-2,858	-1,302	-2,327
Profit before tax	1,647	-4,829	9,949	4,808	2,568	6,831	7,216
Profit for the period	1,345	-3,235	7,203	2,464	1,749	5,185	3,787
– of which, attributable to owners of the Parent Company	1,106	-2,742	7,117	2,577	1,597	5,077	3,746
– of which, attributable to non-controlling interests (minority interests)	239	-493	86	-113	152	108	41
Balance sheet							
Non-current assets	385,438	389,453	387,991	388,263	386,867	391,153	392,920
Short-term investments	19,498	18,959	28,647	31,278	26,841	24,365	22,952
Cash and cash equivalents	11,848	20,238	10,909	12,595	16,014	21,279	7,238
Other current assets	107,704	94,540	110,201	109,296	99,012	107,110	145,985
Total assets	524,488	523,190	537,748	541,432	528,734	543,907	569,095
Equity	133,223	132,493	140,948	133,621	135,605	140,215	139,461
– of which, attributable to owners of the Parent Company	126,032	125,715	133,754	126,704	128,953	133,572	132,889
– of which, attributable to non-controlling interests (minority interests)	7,191	6,778	7,194	6,917	6,652	6,643	6,572
Capital Securities	9,207	9,084	8,869	8,929	9,081	9,414	9,646
Other interest-bearing liabilities	166,548	172,809	169,461	179,348	179,263	189,123	187,942
Pension provisions	18,792	18,517	18,053	18,137	18,393	18,994	19,390
Other interest-bearing provisions	75,081	74,840	69,746	69,685	67,584	66,963	67,788
Deferred tax liabilities	33,877	34,395	36,526	36,125	31,974	34,266	32,721
Other noninterest-bearing liabilities	87,760	81,052	94,145	95,587	86,834	84,932	112,147
Total equity and liabilities	524,488	523,190	537,748	541,432	528,734	543,907	569,095
Net assets	284,187	281,771	285,169	285,153	282,413	289,874	307,966
Net debt	-143,808	-142,153	-138,282	-144,109	-145,155	-151,071	-165,581

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

Quarterly information, Vattenfall Group, cont.

Amounts in SEK million	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Cash flow							
Funds from operations (FFO)	9,855	6,125	12,156	11,670	6,939	11,679	9,820
Cash flow from changes in operating assets and operating liabilities	932	5,670	-4,549	-1,776	4,832	5,628	-7,561
Cash flow from operating activities	10,787	11,795	7,607	9,894	11,771	17,307	2,259
Cash flow from investing activities	-20,683	-4,533	-4,951	-11,531	-11,017	-3,479	-8,756
Cash flow before financing activities	-9,896	7,262	2,656	-1,637	754	13,828	-6,497
Changes in short-term investments	-289	9,726	2,811	-4,997	-3,390	-2,010	8,478
Loans raised/Amortisation of debt, net, etc.	2,491	-560	-7,123	3,209	-3,238	6,940	-4,828
Dividends paid to owners	—	-6,682	-16	-4	-13	-5,277	-17
Cash flow from financing activities	2,202	2,484	-4,328	-1,792	-6,641	-347	3,633
Cash flow for the period	-7,694	9,746	-1,672	-3,429	-5,887	13,481	-2,864
Free cash flow	6,434	8,410	5,063	3,355	7,260	14,288	-1,057

Key ratios (definitions and calculations of key ratios on pages 34–35)

In % unless otherwise stated. (x) means times

Return on equity ¹	6.3	6.6	12.6	10.0	9.3	8.7	6.6
Return on equity ^{1,2}	13.8	14.3	15.9	17.7	15.4	14.6	12.5
Return on net assets ¹	5.3	5.7	9.9	9.1	9.2	8.6	8.1
Return on net assets ^{1,2}	9.6	10.1	11.3	12.5	12.1	11.6	11.4
EBIT interest cover, (x) ¹	2.9	3.0	4.7	4.1	3.1	3.0	2.6
EBIT interest cover, (x) ^{1,2}	4.7	4.7	5.3	5.4	3.9	3.9	3.4
FFO/gross debt ¹	22.6	20.3	23.8	21.3	21.1	18.6	14.0
FFO/net debt ¹	27.7	26.0	30.7	27.8	27.4	24.4	16.8
Equity/assets ratio	25.4	25.3	26.2	24.7	25.6	25.8	24.5
Gross debt/equity	131.9	137.3	126.5	140.9	138.9	141.6	141.7
Net debt/equity	107.9	107.3	98.1	107.8	107.0	107.7	118.7
Net debt/net debt plus equity	51.9	51.8	49.5	51.9	51.7	51.9	54.3
Net debt/EBITDA, (x) ¹	2.6	2.6	2.4	2.4	2.4	2.6	3.0

1) Last 12-month values.

2) Excl. items affecting comparability.

Exchange rates

Key exchange rates applied in the accounts of the Vattenfall

	Q3 2011	Q3 2010	Q1–3 2011	Q1–3 2010	Full year 2010		30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
Average rate						Balance sheet date rate			
EUR	9.1700	9.3779	9.0130	9.6818	9.5694	EUR	9.2700	9.1600	9.0020
DKK	1.2308	1.2591	1.2092	1.3005	1.2850	DKK	1.2457	1.2295	1.2075
GBP	10.3925	11.2825	10.3193	11.2810	11.1573	GBP	10.6700	10.6750	10.5475
NOK	1.1778	1.1785	1.1546	1.2067	1.1920	NOK	1.1747	1.1500	1.1520
PLN	2.2150	2.3250	2.2340	2.4100	2.3831	PLN	2.0900	2.3000	2.2700
USD	6.4725	7.2938	6.4108	7.3213	7.2152	USD	6.8600	6.7375	6.8025

Parent Company income statement

Amounts in SEK million	Q1-3 2011	Q1-3 2010	Full year 2010
Net sales	23,025	27,271	36,538
Cost of products sold	-14,620	-14,566	-19,190
Gross profit	8,405	12,705	17,348
Selling expenses, administrative expenses and research and development costs	-2,230	-2,122	-3,111
Other operating income and expenses, net	-2,643	78	303
Operating profit (EBIT)	3,532	10,661	14,540
Result from participations in Group companies	7,600	11,134	15,456
Result from participations in associated companies	1	1	2
Result from other shares and participations	68	73	73
Other financial income	3,570	6,305	10,765
Other financial expenses	-5,365	-5,511	-7,061
Profit before appropriations and tax	9,406	22,663	33,775
Appropriations	5,478	68	-3,602
Profit before tax	14,884	22,731	30,173
Income tax expense	-2,368	-6,913	-4,244
Profit for the period	12,516	15,818	25,929

Parent Company statement of comprehensive income

Amounts in SEK million	Q1-3 2011	Q1-3 2010	Full year 2010
Profit for the period	12,516	15,818	25,929
Total other comprehensive income	—	—	—
Total comprehensive income for the period	12,516	15,818	25,929

Parent Company balance sheet

Amounts in SEK million	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
Assets			
Non-current assets			
Intangible assets: non-current	198	158	166
Property, plant and equipment	3,991	21,685	22,138
Shares and participations	194,083	198,837	194,064
Deferred tax assets	—	—	417
Other non-current assets	72,691	51,884	55,899
Total non-current assets	270,963	272,564	272,684
Current assets			
Inventories	355	323	268
Intangible assets: current	226	509	660
Current receivables	29,951	24,336	33,888
Short-term investments	14,609	22,380	26,874
Cash and cash equivalents	8,564	12,696	7,348
Total current assets	53,705	60,244	69,038
Total assets	324,668	332,808	341,722
Equity and liabilities			
Equity			
Restricted equity			
Share capital	6,585	6,585	6,585
Statutory reserve	1,286	1,286	1,286
Non-restricted equity			
Retained earnings	62,779	47,903	43,360
Profit for the period	12,516	15,818	25,929
Total equity	83,166	71,592	77,160
Untaxed reserves	8,130	10,150	13,819
Provisions	243	147	195
Non-current liabilities			
Capital Securities	9,207	9,081	8,929
Other interest-bearing liabilities	133,400	137,889	131,234
Deferred tax liabilities	317	294	—
Other noninterest-bearing liabilities	5,442	4,067	4,341
Total non-current liabilities	148,366	151,331	144,504
Current liabilities			
Interest-bearing liabilities	63,124	75,904	79,641
Current tax liabilities	31	5,504	1,394
Other noninterest-bearing liabilities	21,608	18,180	25,009
Total current liabilities	84,763	99,588	106,044
Total equity and liabilities	324,668	332,808	341,722

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

Group

Accounting policies

The consolidated accounts for the first three quarters of 2011 have, as in the year-end accounts for 2010, 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 2010 Annual Report (Note 3 to the consolidated accounts), with exception for the amended IFRSs standards endorsed by the EU and described below, which are effective as of the 2011 financial year.

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.

Revised IAS 24 – *Related Party Disclosures*. The revised standard includes certain clarifications and simplifications of the definition of a related party and provides relief for government-related entities to disclose details of transactions with other government-related entities. However, transactions with other government-related entities do not represent a significant part of the Vattenfall Group's net sales, purchasing or earnings. The amendments in IAS 24 have not had any impact on Vattenfall's financial statements.

Amendment in IFRIC 14 – *Prepayments of a Minimum Funding Requirement*, corrects an unintended consequence of IFRIC 14 and provides guidance in determining the recoverable value of a net pension asset. The amendment has not had any impact on Vattenfall's financial statements.

IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*. The interpretation deals with the accounting of lenders that settle liabilities by issuing equity instruments, but is not relevant for Vattenfall.

"*Improvements to IFRSs*" (issued in May 2010) aim to streamline and clarify the accounting standards concerning presen-

tation, 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.

Reporting of operating segments

To enable Vattenfall to carry out its new strategic direction (see Vattenfall's 2010 Annual Report, pages 5–15), a new business-led organisational structure was implemented on 1 January 2011. The previous, region-based structure has been replaced by five new Business Divisions: Asset Development, Production, Asset Optimisation and Trading, Distribution and Sales, and Renewables. The first three mentioned Business Divisions together form the Generation operating segment. The Distribution and Sales and Renewables Business Divisions, respectively, are reported as separate operating segments. In the segment reporting, in addition to the above, treasury activities, other staff functions and shared services are reported under the heading Other.

Comparison figures for 2010 have been restated to reflect the new segment structure.

Estimations and assessments in the preparation of the financial statements

Important estimations and assessments in the preparation of the financial statements are described in Vattenfall's 2010 Annual Report, Note 4 to the consolidated accounts. These include, among other things, a description of impairment testing of non-current assets and valuation of embedded derivatives.

The decisions in 2011 by the German government and Germany's parliament that all German nuclear power plants are to be closed by 2022 at the latest entail that the Brunsbüttel and Krümmel nuclear power plants, for which Vattenfall has operating responsibility and owns 66.7% and 50% of, respectively, may not be restarted. Because of this, Vattenfall is forced to recognise an impairment loss for the book value of these two plants and increase its provisions for handling nuclear fuel. A charge of EUR 1,145 million (SEK 10,240 million) was booked against operating profit (EBIT) for the second quarter of 2011 for these measures. Calculated at the exchange rate applicable after three quarters in 2011, the

corresponding effect on income is SEK 10,320 million.

In a review conducted during the second quarter of 2011 of the valuation of long-term electricity contracts in which there are ties to the price development for other commodities than electricity, Vattenfall has determined that, for valuation of the period beyond 27 months, i.e., the time horizon for which market quotations are available and up until the contract's expiration date, the use of long-term forecasts (modelled prices) provides a reliable value. The effect of this review on the value of these embedded derivatives amounted to SEK +1,120 million as per 30 June 2011 and affected operating profit (EBIT) in its entirety.

Vattenfall owns approximately 19% of the shares in the energy company Enea SA, which is listed on the stock exchange in Warsaw, Poland. The holding in Enea is classified as a financial instrument in the subcategory "Available-for-sale financial assets". Such assets are to be carried at fair value with changes in fair value recognised in other comprehensive income. As per 31 December 2010, the cumulative changes in the fair value of the holding were negligible. As per 30 September 2011, the fair value of Vattenfall's holding in Enea had decreased by approximately SEK 1.8 billion, or approximately 39%, compared with the book value at 31 December 2010. This decrease in value is attributable to a drop in value for the Polish stock exchange, but also to a weakening of the Polish zloty in relation to the Swedish krona.

IAS 39 stipulates that in the event of a permanent or significant decline in value of an available-for-sale financial asset, then such decline in value shall not be recognised in other comprehensive income – as in the normal case – but through profit or loss. Vattenfall does not believe that the decline in value is permanent and believes that the decline in value – although not insignificant – is not such a significant decline in value that requires recognition of the decline in value through profit or loss.

Enea's stock has a history of relatively high volatility, which is coupled to very limited trading. After 30 September, some recovery has been observed in the market value of the stock as well as in the value of the Polish zloty. In view of this, as in previous periods the decrease in value has been recognised in the Group's comprehensive income as per 30 September

2011 and has thereby been charged against consolidated equity.

Vattenfall is monitoring the performance of Enea's stock, and if a significant or permanent decline in value is observed at the end of the fourth quarter, an impairment charge will be recognised through profit or loss, which in such case will be reported as a financial expense.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2010 Annual Report, pages 77–83. No other material changes, other than what is stated in this interim report, have taken place since publication of the 2010 Annual Report.

Other

Significant related-party transactions are described in Vattenfall's 2010 Annual Report, Note 54 to the consolidated accounts. No material changes have taken place in relations or transactions with related parties compared with the description in the 2010 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 applied in this report are the same as those described in Vattenfall's 2010 Annual Report, Note 2 to the Parent Company accounts.

First three quarters of 2011

A condensed income statement and balance sheet for the Parent Company are presented on page 30 of this report.

Sales amounted to SEK 23,025 million (27,271).

Profit before appropriations and tax was SEK 9,406 million (22,663). The lower earnings compared with the preceding year is attributable to lower dividends from subsidiaries and to the fact that as of 1 July 2010, Vattenfall AB applies hedge accounting for assets in a foreign currency effectively hedged by loans in a foreign currency, in accordance with the Swedish standard BFN R7.

In addition, Vattenfall AB has recognised a capital loss of approximately SEK 3 billion in connection with the divestment of all hydro power operations on 1 January 2011 to wholly owned, newly formed subsidiaries. The divestments were made at residual tax values. In connection to these divestments, Vattenfall AB has dissolved untaxed reserves (accelerated depreciation) in the amount of approximately SEK 4.3 billion.

During the third quarter of 2011, Vattenfall AB repaid part of its liability to Nuon's shareholders, for which the Parent Company has recognised a realised foreign exchange gain in the income statement of slightly more than SEK 2 billion.

The balance sheet total amounted to SEK 324,668 million (31 December 2010: 341,722).

Investments for the period amounted to SEK 472 million (1,433).

Cash and cash equivalents and short-term investments amounted to SEK 23,173 million (31 December 2010: 34,222).

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2010 Annual Report, pages 77–83. No material changes, other than what is stated in this report, have taken place since publication of the 2010 Annual Report.

Other

Significant related-party transactions are described in Vattenfall's 2010 Annual Report, Note 41 to the Parent Company accounts. No material changes have taken place in relations or transactions with related parties compared with the description in the 2010 Annual Report.

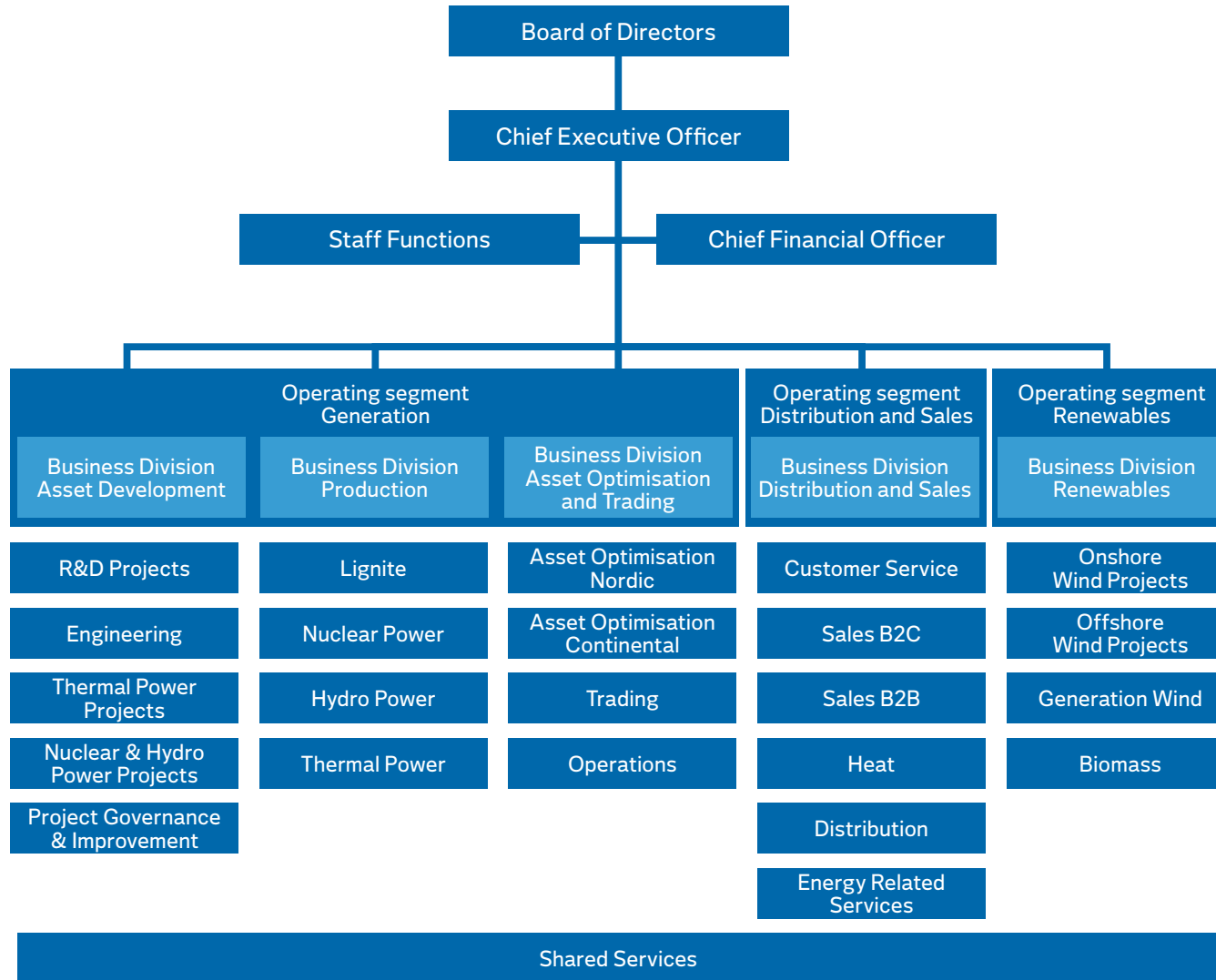
Stockholm, 27 October 2011

Øystein Løseth
President and Chief Executive Officer

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

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

Vattenfall's organisational structure 2011



Definitions and calculations of key ratios

Figures for the Group in 2011. Amounts in SEK million unless otherwise stated.

EBIT	=	Earnings Before Interest and Tax.
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation. Other close-down costs than impairment losses pertaining to the closure of German nuclear power plants in 2011 are also classified here as 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 nonrecurring 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 owners of non-controlling interests (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 2010 - September 2011):

Operating margin, %	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	$\frac{17,996}{186,124}$	=	9.7
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Operating profit (EBIT) excl. items affecting comparability}}{\text{Net sales}}$	$\frac{30,210}{186,124}$	=	16.2
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{11,575}{186,124}$	=	6.2
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{23,636}{186,124}$	=	12.7
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owners of the Parent Company}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{8,058}{128,548}$	=	6.3
Return on equity excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit for the period attributable to owners of the Parent Company excl. items affecting comparability}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{17,728}{128,548}$	=	13.8
Return on net assets, %	= 100 x	$\frac{\text{Operating profit (EBIT) + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{14,997}{283,848}$	=	5.3
Return on net assets excl. items affecting comparability, %	= 100 x	$\frac{\text{Operating profit (EBIT) excl. items affecting comparability + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{27,211}{283,848}$	=	9.6
EBIT interest cover, (x)	=	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{19,459}{6,729}$	=	2.9

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	31,673	=	4.7
	Financial expenses excl. discounting effects attributable to provisions	6,729	=	
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	46,535	=	6.9
	Financial expenses excl. discounting effects attributable to provisions	6,729	=	
FFO interest cover, net, (x) =	Funds from operations (FFO) + financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	45,072	=	8.6
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	5,266	=	
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	28,941	=	5.1
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	5,679	=	
FFO/gross debt, % = 100 x	Funds from operations (FFO)	39,806	=	22.6
	Interest-bearing liabilities	175,755	=	
FFO/net debt, % = 100 x	Funds from operations (FFO)	39,806	=	27.7
	Net debt	143,808	=	
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	54,446	=	10.3
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	5,266	=	
EBITDA excl. items affecting comparability/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	66,660	=	12.7
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	5,266	=	

Key ratios based on the balance sheet per 30 September, 2011:

Equity/total assets, % = 100 x	Equity	133,223	=	25.4
	Balance sheet total	524,488	=	
Gross debt/equity, % = 100 x	Interest-bearing liabilities	175,755	=	131.9
	Equity	133,223	=	
Net debt/equity, % = 100 x	Net debt	143,808	=	107.9
	Equity	133,223	=	
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	175,755	=	56.9
	Interest-bearing liabilities + equity	308,978	=	
Net debt/net debt plus equity, % = 100 x	Net debt	143,808	=	51.9
	Net debt + equity	277,031	=	
Net debt/EBITDA, (x) =	Net debt	143,808	=	2.6
	Operating profit before depreciation and amortisation (EBITDA)	54,446	=	



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